

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 238 – SB 433

March 5, 2015

SUMMARY OF ORIGINAL BILL: Authorizes the use of Type A1 or A2 school buses for a period of 15 years if such buses were manufactured after July 1, 2015, and have been equipped for special needs students. Requires such bus owners to notify the Department of Safety when a bus has reached its fifteenth year of service and authorizes buses that reach their fifteenth year of service during an academic year to remain in service until the end of the academic year.

Specially equipped Type A1 buses that were manufactured before July 1, 2005, may be used for 10 years. Specially equipped Type A2 buses that were manufactured before July 1, 2005, may be used for 12 years.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – State and local Basic Education Program (BEP) funding will decrease in fiscal years in which local education agencies choose to defer purchases of replacement Type A1 or A2 school buses. The transportation component of the BEP formula will increase as buses are retired and replacement buses are purchased. Since the transportation component of the BEP is based on a three-year average of transportation expenditures, any change in state or local BEP transportation funding will not be immediately recognized. The extent of any such funding change is dependent upon multiple unknown factors and cannot be reasonably quantified.

Local education agencies (LEAs) who choose to defer bus purchases will experience a permissive net decrease in local expenditures until the fiscal year when replacement buses are purchased. There may also be a permissive increase in local expenditures to maintain older buses. The cost of purchasing a replacement bus is estimated to be higher than the cost of maintaining an older bus. The extent of any such permissive change in local expenditures is dependent upon multiple unknown factors and cannot be reasonably quantified.

SUMMARY OF AMENDMENT (003878): Deletes all language of the original bill. Authorizes the use of Type A buses for a period of 15 years. Requires such buses to meet all safety and use requirements. Bus owners shall notify the Department of Safety (DOS) upon a bus reaching its fifteenth year of service and authorizes buses that reach their fifteenth year of service during an academic year to remain in service until the end of the academic year. Requires the State Board of Education to make rules and regulations to effectuate this act.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- State and local BEP transportation expenditure changes cannot be reasonably quantified because such impacts are based on multiple unknown factors, including but not limited to, the timing of when LEAs defer their Type A bus purchases; the maintenance costs of older Type A buses; how many Type A buses are kept in service; and how many Type A buses are purchased in a fiscal year.
- Any permissive change in local expenditures is based on multiple unknown factors, including but not limited to, the cost to purchase a replacement Type A bus in a given fiscal year; how many Type A bus purchases are delayed annually; the maintenance costs of older Type A buses; and the fiscal year in which bus purchases are deferred.
- Reporting by bus owners to the Department of Safety will not significantly impact the operations of the department.
- Type A buses will continue to be inspected once annually by the DOS.
- The State Board of Education will promulgate rules and regulations in the normal course of business without an increase in personnel or a reduction in its reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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