

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 238 - SB 433

February 20, 2015

SUMMARY OF 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.

ESTIMATED FISCAL IMPACT:

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.

Assumptions:

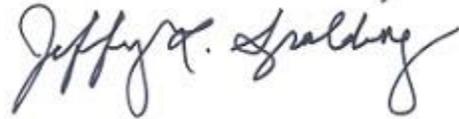
- The State Board of Education rules and regulations currently authorize the use of Type A school buses with single rear wheels and 10 years of service or less and Type A buses with dual rear wheels and twelve years of service or less.

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- The number of specially equipped Type A buses that were manufactured after July 1, 2005, and are eligible to be kept in service by LEAs is unknown.
- 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.

CERTIFICATION:

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



Jeffrey L. Spalding, Executive Director

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