

Department of Legislative Services  
Maryland General Assembly

**FISCAL NOTE**

Senate Bill 288 (Senator Ruben) (Bv Request)

Judicial Proceedings

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**Transportation - School Buses - Seat Belts**

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This bill requires a school bus purchased after June 30, 1998 to be equipped with seat belts. The Motor Vehicle Administration (MVA) is required to establish a program to equip in-use school buses purchased before July 1, 1998 with seat belts as part of the MVA's regular school bus maintenance schedule. After July 1, 2003, a school bus without seat belts cannot be used to transport children.

This bill takes effect July 1, 1998.

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**Fiscal Summary**

**State Effect:** Indeterminate increase in Transportation Trust Fund expenditures. Revenues would not be affected.

**Local Effect:** Significant increase in local expenditures. Revenues would not be affected.  
**This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Meaningful impact on small businesses.

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**Fiscal Analysis**

**State Effect:** The Motor Vehicle Administration advises that either additional staff or private contractors would be needed to develop a program to equip in-use school buses with seat belts and to conduct evaluations for compliance. The cost to develop the program and to conduct these evaluations is not known at this time; however, it could be significant.

**Local Effect:** Approximately 6,000 school vehicles are used to transport public school students in Maryland, of which 50% are publically owned and 50% are operated by private

contractors. Nearly 72% of the State’s public school students receive transportation services. This bill would require school systems to purchase school buses equipped with seat belts beginning in fiscal 1999 and to retrofit existing school buses with seat belts by fiscal 2004. Based on manufacturer estimates, purchasing a new school bus equipped with seat belts would increase the purchase price of a conventional 58 passenger school bus by \$1,600, from \$48,000 to \$49,600. Retrofitting an existing school bus with seat belts, however, would cost \$10,800 as shown in **Exhibit 1**.

**Exhibit 1**  
**Manufacturer’s Cost to Retrofit Existing School Bus with Seat Belts**

Itemize Expense	Amount Per Bus
Frame Upgrades	\$4,400
Purchase Seat Belts	\$2,900
Labor Cost	\$3,500
<b>Total</b>	<b>\$10,800</b>

The Maryland State Department of Education advises that a typical school bus stays in service for 12 years. Consequently, 500 of the State’s 6,000 existing school buses would be replaced each year. Furthermore, to handle increases in student ridership, an additional 125 school vehicles would be needed annually. Accordingly, requiring school buses to be equipped with seat belts would increase local school and private contractors expenses for new buses by \$1 million each year. Since 50% of the school buses are publically owned, local government expenditures would increase by \$500,000 annually. In addition, private contractors would most likely pass along their costs to the local school systems through higher fees. These higher fees would be spread out over many years, since most private contractors finance the acquisition of school vehicles over the life of the vehicle.

By fiscal 2004, approximately 3,000 school buses purchased prior to July 1, 1998 would still be in service. The cost to retrofit these buses with seat belts is estimated at \$36 million. Local school systems would most likely have to pay to retrofit all the school buses, regardless of whether the buses are owned by private contractors. This is due to the the high cost to retrofit the buses with seat belts (approximately 25% of the bus’s purchase price) and that the buses would not remain in services for very many years. **Exhibit 2** shows the projected increased local costs for fiscal 1999 through fiscal 2004.

**Exhibit 2**  
**Additional Local School Expenditures**

Fiscal	Local School Direct	Expenditures Passed Along	Total Additional Local
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Year	Expenditures	by Private Contractors*	School Expenditures
1999	\$499,200	\$41,600	\$540,800
2000	\$510,200	\$84,100	\$594,300
2001	\$525,200	\$127,900	\$653,100
2002	\$537,200	\$172,650	\$709,850
2003	\$548,400	\$218,400	\$766,800
2004	\$36,338,700	\$265,300	\$36,604,000

\* assumes private contractors will spread out cost to local school systems over the life of the school bus.

**Small Business Effect:** Private contractors operate 50% of school vehicles used by public schools in Maryland. A large segment of these school vehicles are either owned or operated by individuals or by small companies. In addition, there are over 2,400 registered school vehicles in the State that are not used by public schools. This bill would significantly impact private contractors that use school vehicles to transport both students and the general population. As stated earlier, the cost to retrofit an existing school vehicle with seat belts represents approximately 25% of the purchase price for a new school bus.

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**Information Source(s):** Department of Transportation (Motor Vehicle Administration), Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - February 9, 1998

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