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LAW/RWH

P.L.2011, CHAPTER 130, *approved September 16, 2011*
Assembly, No. 2260 (*Second Reprint*)

1 AN ACT concerning the service life of school buses and amending
2 P.L.1983, c.206.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 1 of P.L.1983, c.206 (C.39:3B-5.1) is amended to
8 read as follows:

9 1. School buses **[**, under the jurisdiction of the public schools
10 and**]** manufactured prior to April 1, 1977, other than those of the
11 transit type whose gross vehicle weight (G.V.W.) exceeds 25,000
12 pounds, shall not be used for pupil transportation purposes beyond
13 the end of the tenth year from the date of manufacture, as noted on
14 the ¹**[vehicle registration]** ²**[manufacturer's certification plate]**¹
15 vehicle registration², or at the end of the school year in which that
16 date falls, whichever is later. **[School]** ¹**[Except as otherwise**
17 provided pursuant to this section, school] School¹ buses
18 manufactured on or after April 1, 1977 and before January 1, 2007,
19 other than those of the transit type whose gross vehicle weight
20 (G.V.W.) exceeds 25,000 pounds, shall not be used for pupil
21 transportation purposes beyond the end of the twelfth year from the
22 date of manufacture, as noted on the ¹**[vehicle registration]**
23 ²**[manufacturer's certification plate]** vehicle registration², or at the
24 end of the school year in which that date falls, whichever is later.
25 School buses manufactured on or after January 1, 2007 ¹**[, and**
26 school buses manufactured prior to January 1, 2007 that comply
27 with the federal Clean Air Act standards for school buses.]^{1 2}, and
28 school buses manufactured prior to January 1, 2007 that have been
29 installed with closed crankcase technology pursuant to the
30 provisions of section 6 of P.L.2005, c.219 (C.26:2C-8.31) and any
31 regulations promulgated thereunder², other than those of the transit
32 type whose gross vehicle weight (G.V.W.) exceeds 25,000 pounds,
33 shall not be used for pupil transportation purposes beyond the end
34 of the fifteenth year from the date of manufacture, as noted on the
35 ¹**[vehicle registration]** ²**[manufacturer's certification plate]**¹
36 vehicle registration², or at the end of the school year in which that
37 date falls, whichever is later.

38 ¹Notwithstanding any provision of this section to the contrary, a
39 "Type S" school bus as defined by N.J.A.C.13:20-51.2 shall not be

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SED committee amendments adopted January 31, 2011.

²Senate SBA committee amendments adopted June 6, 2011.

1 used for pupil transportation purposes beyond the end of the twelfth
2 year from the date of manufacture, as noted on the ²[manufacturer's
3 certification plate] vehicle registration² , or at the end of the school
4 year in which that date falls, whichever is later.¹

5 (cf: P.L.1983, c.206, s.1)

6

7 2. This act shall take effect immediately.

8

9

10

11

12 _____
Lengthens service life of certain school buses to 15 years.

ASSEMBLY, No. 2260

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 11, 2010

Sponsored by:

Assemblyman PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

Assemblyman DAVID W. WOLFE

District 10 (Monmouth and Ocean)

Assemblywoman PAMELA R. LAMPITT

District 6 (Camden)

Co-Sponsored by:

Assemblywoman Voss, Assemblymen DiMaio, Rumana, Biondi, O'Scanlon, Assemblywomen Handlin, Coyle, Assemblymen Malone, Rudder, Assemblywomen Addiego and Casagrande

SYNOPSIS

Lengthens service life of certain school buses to 15 years.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/26/2010)

1 AN ACT concerning the service life of school buses and amending
2 P.L.1983, c.206.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 1 of P.L.1983, c.206 (C.39:3B-5.1) is amended to
8 read as follows:

9 1. School buses **[**, under the jurisdiction of the public schools
10 and**]** manufactured prior to April 1, 1977, other than those of the
11 transit type whose gross vehicle weight (G.V.W.) exceeds 25,000
12 pounds, shall not be used for pupil transportation purposes beyond
13 the end of the tenth year from the date of manufacture, as noted on
14 the vehicle registration, or at the end of the school year in which
15 that date falls, whichever is later. **[School]** Except as otherwise
16 provided pursuant to this section, school buses manufactured on or
17 after April 1, 1977 and before January 1, 2007, other than those of
18 the transit type whose gross vehicle weight (G.V.W.) exceeds
19 25,000 pounds, shall not be used for pupil transportation purposes
20 beyond the end of the twelfth year from the date of manufacture, as
21 noted on the vehicle registration, or at the end of the school year in
22 which that date falls, whichever is later. School buses
23 manufactured on or after January 1, 2007, and school buses
24 manufactured prior to January 1, 2007 that comply with the federal
25 Clean Air Act standards for school buses, other than those of the
26 transit type whose gross vehicle weight (G.V.W.) exceeds 25,000
27 pounds, shall not be used for pupil transportation purposes beyond
28 the end of the fifteenth year from the date of manufacture, as noted
29 on the vehicle registration, or at the end of the school year in which
30 that date falls, whichever is later.

31 (cf: P.L.1983, c.206, s.1)

32

33 2. This act shall take effect immediately.

34

35

STATEMENT

36

37 This bill extends the service life of certain school buses from 12
38 to 15 years. Under the bill, school buses manufactured after
39 January 1, 2007 and school buses manufactured prior to that date
40 but which comply with the federal Clean Air Act standards for
41 school buses, other than school buses of the transit type whose
42 gross vehicle weight (G.V.W.) exceeds 25,000 pounds, can remain
43 in service for 15 years. The bill also clarifies that the service life
44 limits are applicable to all school buses, not only school buses
45 operated under the jurisdiction of public schools.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2260

STATE OF NEW JERSEY

DATED: FEBRUARY 18, 2010

The Assembly Education Committee reports favorably Assembly Bill No. 2260.

This bill extends the service life of certain school buses from 12 to 15 years. Under the bill, school buses manufactured after January 1, 2007 and school buses manufactured prior to that date but which comply with the federal Clean Air Act standards for school buses, other than school buses of the transit type whose gross vehicle weight (G.V.W.) exceeds 25,000 pounds, can remain in service for 15 years. The bill also clarifies that the service life limits are applicable to all school buses, not only school buses operated under the jurisdiction of public schools.

SENATE EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2260

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 31, 2011

The Senate Education Committee favorably reports Assembly Bill No. 2260 with committee amendments.

As amended, this bill extends the service life of certain school buses from 12 to 15 years. Under the bill, school buses manufactured on or after January 1, 2007, other than school buses of the transit type whose gross vehicle weight (G.V.W.) exceeds 25,000 pounds and "Type S" school buses, can remain in service for 15 years. The bill also clarifies that the service life limits are applicable to all school buses, not only school buses operated under the jurisdiction of public schools.

The committee amended the bill to:

- Delete the provision that permitted school buses manufactured prior to January 1, 2007 to remain in service for 15 years if they comply with the federal Clean Air Act standards for school buses;
- Provide that "Type S" school buses will not be used for pupil transportation beyond the end of the 12th year from the date of manufacture. "Type S" school buses are vehicles with a gross vehicle weight of 3,000 pounds or more, originally designed by the manufacturer with a maximum seating capacity of nine passengers or less excluding the driver, operated by, or under contract with, a public or governmental agency, or religious or other charitable organization or corporation, or privately operated for compensation for the transportation of children to or from school for secular or religious education, school-connected activity, day camp, summer day camp, nursery school, child care center, preschool center, or other similar places of education;
- Clarify that the date of manufacture will be determined from the "manufacturer's certification plate".

As amended and reported by the committee, this bill is identical to Senate Bill No. 1040, which also was reported with amendments by the committee on this same date.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2260
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: FEBRUARY 23, 2011

SUMMARY

Synopsis: Lengthens service life of certain school buses to 15 years.

Type of Impact: Potential expenditure decrease in local school districts.

Agencies Affected: Local school districts.

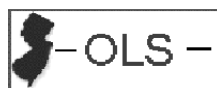
Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate savings - See comments below		

- The Office of Legislative Services notes that the potential savings of Assembly Bill No. 2260 of 2010 will vary depending on factors including whether or not a school district purchases its own school buses or purchases transportation services from another entity as well as the size of the school buses that are utilized.
- Since the legislation extends the service life of certain school buses by several years, it is not possible to specify a fiscal year in which the cost savings would be realized. Alternatively, this analysis estimates the difference in the equivalent annual cost (EAC) between owning a school bus for 12 years versus owning the same bus for 15 years. Assuming that a smaller bus costs \$46,000 to purchase, the difference in the EAC is \$768 per year per school bus. The difference in the EAC of a moderate-sized school bus that costs \$56,000 would be \$935. These estimates assume that the average annual maintenance cost in years 13 through 15 are identical to the average maintenance cost in the earlier years. If the maintenance costs are higher in these years, then the difference in the EAC would be decreased by the difference in the average annual maintenance cost.

BILL DESCRIPTION

Assembly Bill No. 2260 of 2010 extends the service life of certain school buses manufactured after January 1, 2007 and certain school buses manufactured prior to this date that comply with the federal Clean Air Act standards for school buses. For such school buses that do not have a gross vehicle weight exceeding 25,000 pounds, the service life is extended from 12



years to 15 years. The service life of 20 years for school buses with a gross vehicle weight greater than 25,000 is not affected by the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Two factors inhibit the ability to estimate the amount school districts would save as a result of Assembly Bill No. 2260 of 2010. First, districts vary in the manner in which they provide transportation services to their students. In some cases, school districts purchase school buses and employ personnel to operate the vehicles. In other situations, districts purchase transportation services from other entities. In the latter circumstance, the benefit of this legislation would be contingent on the service provider passing any savings to the school district. Second, the amount of savings would vary based on the purchase cost of a school bus, which in turn would differ based on the size of the bus.

Furthermore, since the bill extends the service life of school buses by several years, it is not possible to allocate the cost savings to a particular fiscal year. As an alternative, the difference in the equivalent annual cost (EAC) between a school bus with a service life of 12 years and an identical vehicle with a service life of 15 years is determined. The EAC is a measure of the cost per year of owning and operating an asset over the life of that asset. The calculation includes the purchase cost, the discount rate, and the annual operating cost of the asset. For the purposes of this analysis, the discount rate is set at 3 percent, a figure approximately equal to the CPI over the past several years. It should be noted that changing the discount rate by several percentage points in either direction only has a nominal impact on the difference in the EAC. It is also assumed that the average operating costs would be the same in the last three years as they were in the first 12 years. To the extent that higher maintenance costs make this assumption incorrect, then the difference in the EAC would decrease by the same amount by which the operating costs in the last three years exceed the earlier years' operating costs. Based on these assumptions, the difference in the EAC of a smaller school bus with a purchase price of \$46,000 would be \$768. The difference for a moderate-sized school bus with a purchase price of \$56,000 would be \$935.

Section: Education

*Analyst: Allen T. Dupree
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2260

STATE OF NEW JERSEY 214th LEGISLATURE

DATED: MARCH 4, 2011

SUMMARY

Synopsis: Lengthens service life of certain school buses to 15 years.

Type of Impact: Potential expenditure decrease in local school districts.

Agencies Affected: Local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate savings - See comments below		

- The Office of Legislative Services notes that the potential savings of Assembly Bill No. 2260 (1R) of 2010 will vary depending on factors including whether or not a school district purchases its own school buses or purchases transportation services from another entity as well as the size of the school buses that are utilized.
- Since the legislation extends the service life of certain school buses by several years, it is not possible to specify a fiscal year in which the cost savings would be realized. Alternatively, this analysis estimates the difference in the equivalent annual cost (EAC) between owning a school bus for 12 years versus owning the same bus for 15 years. Assuming that a smaller bus costs \$46,000 to purchase, the difference in the EAC is \$768 per year per school bus. The difference in the EAC of a moderate-sized school bus that costs \$56,000 would be \$935. These estimates assume that the average annual maintenance cost in years 13 through 15 are identical to the average maintenance cost in the earlier years. If the maintenance costs are higher in these years, then the difference in the EAC would be decreased by the difference in the average annual maintenance cost.

BILL DESCRIPTION

Assembly Bill No. 2260 (1R) of 2010 extends the service life of certain school buses manufactured after January 1, 2007. For school buses that do not have a gross vehicle weight

exceeding 25,000 pounds, other than a “Type S” school bus as defined by N.J.A.C.13:20-51.2, the service life is extended from 12 years to 15 years. The service life of 20 years for school buses with a gross vehicle weight greater than 25,000 is not affected by the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Two factors inhibit the ability to estimate the amount school districts would save as a result of Assembly Bill No. 2260 (1R). First, districts vary in the manner in which they provide transportation services to their students. In some cases, school districts purchase school buses and employ personnel to operate the vehicles. In other situations, districts purchase transportation services from other entities. In the latter circumstance, the benefit of this legislation would be contingent on the service provider passing any savings to the school district. Second, the amount of savings would vary based on the purchase cost of a school bus, which in turn would differ based on the size of the bus.

Furthermore, since the bill extends the service life of school buses by several years, it is not possible to allocate the cost savings to a particular fiscal year. As an alternative, the difference in the EAC between a school bus with a service life of 12 years and an identical vehicle with a service life of 15 years is determined. The EAC is a measure of the cost per year of owning and operating an asset over the life of that asset. The calculation includes the purchase cost, the discount rate, and the annual operating cost of the asset. For the purposes of this analysis, the discount rate is set at 3 percent, a figure approximately equal to the CPI over the past several years. It should be noted that changing the discount rate by several percentage points in either direction only has a nominal impact on the difference in the EAC. It is also assumed that the average operating costs would be the same in the last three years as they were in the first 12 years. To the extent that higher maintenance costs make this assumption incorrect, then the difference in the EAC would decrease by the same amount by which the operating costs in the last three years exceed the earlier years’ operating costs. Based on these assumptions, the difference in the EAC of a smaller school bus with a purchase price of \$46,000 would be \$768. The difference for a moderate-sized school bus with a purchase price of \$56,000 would be \$935.

Section: Education

*Analyst: Allen T. Dupree
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C. 52:13B-6 et seq.).

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2260

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 6, 2011

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2260 (1R), with committee amendments.

As amended, this bill extends the service life of certain school buses from 12 to 15 years. Under the bill, school buses manufactured on or after January 1, 2007 and school buses manufactured prior to January 1, 2007 that have been installed with closed crankcase technology, other than school buses of the transit type whose gross vehicle weight exceeds 25,000 pounds and "Type S" school buses, can remain in service for 15 years. The bill also clarifies that the service life limits are applicable to all school buses, not only school buses operated under the jurisdiction of public schools.

"Type S" school buses, which can remain in service for 12 years, are vehicles with a gross vehicle weight of 3,000 pounds or more, originally designed by the manufacturer with a maximum seating capacity of nine passengers or less excluding the driver. School buses of the transit type whose gross vehicle weight exceeds 25,000 pounds are permitted to remain in service for 20 years under a different section of law, section 2 of P.L.1983, c.206 (C.39:3B-5.2).

As amended and reported, this bill is identical to Senate Bill No. 1040 (1R), as also amended and reported by the committee.

COMMITTEE AMENDMENTS:

The committee amendments:

- Permit school buses manufactured prior to January 1, 2007 that have been installed with closed crankcase technology to remain in service for 15 years. Closed crankcase technology is designed to reduce the amount of fine particle emissions from diesel-powered vehicles such as school buses; and
- Provide that the vehicle's date of manufacture will be determined from the vehicle registration, rather than the manufacturer's certification plate.

FISCAL IMPACT:

The Office of Legislative Services notes that the potential savings from this legislation will vary depending on factors including whether or not a school district purchases its own school buses or purchases transportation services from another entity as well as the size of the school buses that are utilized. Since the legislation extends the service life of certain school buses by several years, it is not possible to specify a fiscal year in which the cost savings would be realized. Alternatively, one may estimate the difference in the equivalent annual cost (EAC) between owning a school bus for 12 years versus owning the same bus for 15 years. Assuming that a moderate-sized bus costs \$54,000 to purchase, the difference in the EAC is \$902 per year per school bus. The difference in the EAC of a larger school bus that costs \$80,000 would be \$1,336. These estimates assume that the average annual maintenance cost in years 13 through 15 are identical to the average maintenance cost in the earlier years. If the maintenance costs are higher in these years, then the difference in the EAC would be decreased by the difference in the average annual maintenance cost.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 2260

STATE OF NEW JERSEY 214th LEGISLATURE

DATED: JULY 6, 2011

SUMMARY

Synopsis: Lengthens service life of certain school buses to 15 years.

Type of Impact: Potential expenditure decrease in local school districts.

Agencies Affected: Local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate savings - See comments below		

- The Office of Legislative Services notes that the potential savings of Assembly Bill No. 2260 (2R) of 2010 will vary depending on factors including whether or not a school district purchases its own school buses or purchases transportation services from another entity as well as the size of the school buses that are utilized.
- Since the legislation extends the service life of certain school buses by several years, it is not possible to specify a fiscal year in which the cost savings would be realized. Alternatively, this analysis estimates the difference in the equivalent annual cost (EAC) between owning a school bus for 12 years versus owning the same bus for 15 years. Assuming that a smaller bus costs \$46,000 to purchase, the difference in the EAC is \$768 per year per school bus. The difference in the EAC of a moderate-sized school bus that costs \$56,000 would be \$935. These estimates assume that the average annual maintenance cost in years 13 through 15 are identical to the average maintenance cost in the earlier years. If the maintenance costs are higher in these years, then the difference in the EAC would be decreased by the difference in the average annual maintenance cost.

BILL DESCRIPTION

Assembly Bill No. 2260 (2R) of 2010 extends the service life of certain school buses

manufactured after January 1, 2007 and certain school buses manufactured prior to that date if the bus has been installed with closed crankcase technology. For school buses that do not have a gross vehicle weight exceeding 25,000 pounds, other than a "Type S" school bus as defined by N.J.A.C.13:20-51.2, the service life is extended from 12 years to 15 years. The service life of 20 years for school buses with a gross vehicle weight greater than 25,000 is not affected by the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Two factors inhibit the ability to estimate the amount school districts would save as a result of Assembly Bill No. 2260 (2R). First, districts vary in the manner in which they provide transportation services to their students. In some cases, school districts purchase school buses and employ personnel to operate the vehicles. In other situations, districts purchase transportation services from other entities. In the latter circumstance, the benefit of this legislation would be contingent on the service provider passing any savings to the school district. Second, the amount of savings would vary based on the purchase cost of a school bus, which in turn would differ based on the size of the bus.

Furthermore, since the bill extends the service life of school buses by several years, it is not possible to allocate the cost savings to a particular fiscal year. As an alternative, the difference in the EAC between a school bus with a service life of 12 years and an identical vehicle with a service life of 15 years is determined. The EAC is a measure of the cost per year of owning and operating an asset over the life of that asset. The calculation includes the purchase cost, the discount rate, and the annual operating cost of the asset. For the purposes of this analysis, the discount rate is set at 3 percent, a figure approximately equal to the CPI over the past several years. It should be noted that changing the discount rate by several percentage points in either direction only has a nominal impact on the difference in the EAC. It is also assumed that the average operating costs would be the same in the last three years as they were in the first 12 years. To the extent that higher maintenance costs make this assumption incorrect, then the difference in the EAC would decrease by the same amount by which the operating costs in the last three years exceed the earlier years' operating costs. Based on these assumptions, the difference in the EAC of a smaller school bus with a purchase price of \$46,000 would be \$768. The difference for a moderate-sized school bus with a purchase price of \$56,000 would be \$935.

Section: Education

*Analyst: Allen T. Dupree
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

A2260 [2R]

3

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 1040

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 4, 2010

Sponsored by:

Senator DIANE B. ALLEN

District 7 (Burlington and Camden)

SYNOPSIS

Lengthens service life of certain school buses to 15 years.

CURRENT VERSION OF TEXT

As introduced.



S1040 ALLEN

2

1 AN ACT concerning the service life of school buses and amending
2 P.L.1983, c.206.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 1 of P.L.1983, c.206 (C.39:3B-5.1) is amended to
8 read as follows:

9 1. School buses **[**, under the jurisdiction of the public schools
10 and**]** manufactured prior to April 1, 1977, other than those of the
11 transit type whose gross vehicle weight (G.V.W.) exceeds 25,000
12 pounds, shall not be used for pupil transportation purposes beyond
13 the end of the tenth year from the date of manufacture, as noted on
14 the vehicle registration, or at the end of the school year in which
15 that date falls, whichever is later. **[School]** Except as otherwise
16 provided pursuant to this section, school buses manufactured on or
17 after April 1, 1977 and before January 1, 2007 , other than those of
18 the transit type whose gross vehicle weight (G.V.W.) exceeds
19 25,000 pounds, shall not be used for pupil transportation purposes
20 beyond the end of the twelfth year from the date of manufacture, as
21 noted on the vehicle registration, or at the end of the school year in
22 which that date falls, whichever is later. School buses
23 manufactured on or after January 1, 2007, and school buses
24 manufactured prior to January 1, 2007 that comply with the federal
25 Clean Air Act standards for school buses, other than those of the
26 transit type whose gross vehicle weight (G.V.W.) exceeds 25,000
27 pounds, shall not be used for pupil transportation purposes beyond
28 the end of the fifteenth year from the date of manufacture, as noted
29 on the vehicle registration, or at the end of the school year in which
30 that date falls, whichever is later.

31 (cf: P.L.1983, c.206, s.1)

32

33 2. This act shall take effect immediately.

34

35 STATEMENT

36

37 This bill extends the service life of certain school buses from 12
38 to 15 years. Under the bill, school buses manufactured after
39 January 1, 2007 and school buses manufactured prior to that date
40 but which comply with the federal Clean Air Act standards for
41 school buses, other than school buses of the transit type whose
42 gross vehicle weight (G.V.W.) exceeds 25,000 pounds, can remain
43 in service for 15 years. The bill also clarifies that the service life
44 limits are applicable to all school buses, not only school buses
45 operated under the jurisdiction of public schools.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1040

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 31, 2011

The Senate Education Committee favorably reports Senate Bill No. 1040 with committee amendments.

As amended, this bill extends the service life of certain school buses from 12 to 15 years. Under the bill, school buses manufactured on or after January 1, 2007, other than school buses of the transit type whose gross vehicle weight (G.V.W.) exceeds 25,000 pounds and “Type S” school buses, can remain in service for 15 years. The bill also clarifies that the service life limits are applicable to all school buses, not only school buses operated under the jurisdiction of public schools.

The committee amended the bill to:

- Delete the provision that permitted school buses manufactured prior to January 1, 2007 to remain in service for 15 years if they comply with the federal Clean Air Act standards for school buses;
- Provide that “Type S” school buses will not be used for pupil transportation beyond the end of the 12th year from the date of manufacture. “Type S” school buses are vehicles with a gross vehicle weight of 3,000 pounds or more, originally designed by the manufacturer with a maximum seating capacity of nine passengers or less excluding the driver, operated by, or under contract with, a public or governmental agency, or religious or other charitable organization or corporation, or privately operated for compensation for the transportation of children to or from school for secular or religious education, school-connected activity, day camp, summer day camp, nursery school, child care center, preschool center, or other similar places of education;
- Clarify that the date of manufacture will be determined from the “manufacturer’s certification plate”.

As amended and reported by the committee, this bill is identical to Assembly Bill No. 2260, which also was reported with amendments by the committee on this same date.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1040 STATE OF NEW JERSEY 214th LEGISLATURE

DATED: MARCH 4, 2011

SUMMARY

Synopsis: Lengthens service life of certain school buses to 15 years.

Type of Impact: Potential expenditure decrease in local school districts.

Agencies Affected: Local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate savings - See comments below		

- The Office of Legislative Services notes that the potential savings of Senate Bill No. 1040 (1R) of 2010 will vary depending on factors including whether or not a school district purchases its own school buses or purchases transportation services from another entity as well as the size of the school buses that are utilized.
- Since the legislation extends the service life of certain school buses by several years, it is not possible to specify a fiscal year in which the cost savings would be realized. Alternatively, this analysis estimates the difference in the equivalent annual cost (EAC) between owning a school bus for 12 years versus owning the same bus for 15 years. Assuming that a smaller bus costs \$46,000 to purchase, the difference in the EAC is \$768 per year per school bus. The difference in the EAC of a moderate-sized school bus that costs \$56,000 would be \$935. These estimates assume that the average annual maintenance cost in years 13 through 15 are identical to the average maintenance cost in the earlier years. If the maintenance costs are higher in these years, then the difference in the EAC would be decreased by the difference in the average annual maintenance cost.

BILL DESCRIPTION

Senate Bill No. 1040 (1R) of 2010 extends the service life of certain school buses manufactured after January 1, 2007. For school buses that do not have a gross vehicle weight exceeding 25,000 pounds, other than a "Type S" school bus as defined by N.J.A.C.13:20-51.2,

the service life is extended from 12 years to 15 years. The service life of 20 years for school buses with a gross vehicle weight greater than 25,000 is not affected by the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Two factors inhibit the ability to estimate the amount school districts would save as a result of Senate Bill No. 1040 (1R). First, districts vary in the manner in which they provide transportation services to their students. In some cases, school districts purchase school buses and employ personnel to operate the vehicles. In other situations, districts purchase transportation services from other entities. In the latter circumstance, the benefit of this legislation would be contingent on the service provider passing any savings to the school district. Second, the amount of savings would vary based on the purchase cost of a school bus, which in turn would differ based on the size of the bus.

Furthermore, since the bill extends the service life of school buses by several years, it is not possible to allocate the cost savings to a particular fiscal year. As an alternative, the difference in the EAC between a school bus with a service life of 12 years and an identical vehicle with a service life of 15 years is determined. The EAC is a measure of the cost per year of owning and operating an asset over the life of that asset. The calculation includes the purchase cost, the discount rate, and the annual operating cost of the asset. For the purposes of this analysis, the discount rate is set at 3 percent, a figure approximately equal to the CPI over the past several years. It should be noted that changing the discount rate by several percentage points in either direction only has a nominal impact on the difference in the EAC. It is also assumed that the average operating costs would be the same in the last three years as they were in the first 12 years. To the extent that higher maintenance costs make this assumption incorrect, then the difference in the EAC would decrease by the same amount by which the operating costs in the last three years exceed the earlier years' operating costs. Based on these assumptions, the difference in the EAC of a smaller school bus with a purchase price of \$46,000 would be \$768. The difference for a moderate-sized school bus with a purchase price of \$56,000 would be \$935.

Section: Education
Analyst: Allen T. Dupree
Senior Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1040

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 6, 2011

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1040 (1R), with committee amendments.

As amended, this bill extends the service life of certain school buses from 12 to 15 years. Under the bill, school buses manufactured on or after January 1, 2007 and school buses manufactured prior to January 1, 2007 that have been installed with closed crankcase technology, other than school buses of the transit type whose gross vehicle weight exceeds 25,000 pounds and “Type S” school buses, can remain in service for 15 years. The bill also clarifies that the service life limits are applicable to all school buses, not only school buses operated under the jurisdiction of public schools.

“Type S” school buses, which can remain in service for 12 years, are vehicles with a gross vehicle weight of 3,000 pounds or more, originally designed by the manufacturer with a maximum seating capacity of nine passengers or less excluding the driver. School buses of the transit type whose gross vehicle weight exceeds 25,000 pounds are permitted to remain in service for 20 years under a different section of law, section 2 of P.L.1983, c.206 (C.39:3B-5.2).

As amended and reported, this bill is identical to Assembly Bill No. 2260 (1R), as also amended and reported by the committee.

COMMITTEE AMENDMENTS:

The committee amendments:

- Permit school buses manufactured prior to January 1, 2007 that have been installed with closed crankcase technology to remain in service for 15 years. Closed crankcase technology is designed to reduce the amount of fine particle emissions from diesel-powered vehicles such as school buses; and
- Provide that the vehicle’s date of manufacture will be determined from the vehicle registration, rather than the manufacturer’s certification plate.

FISCAL IMPACT:

The Office of Legislative Services notes that the potential savings from this legislation will vary depending on factors including whether or not a school district purchases its own school buses or purchases transportation services from another entity as well as the size of the school buses that are utilized. Since the legislation extends the service life of certain school buses by several years, it is not possible to specify a fiscal year in which the cost savings would be realized. Alternatively, one may estimate the difference in the equivalent annual cost (EAC) between owning a school bus for 12 years versus owning the same bus for 15 years. Assuming that a moderate-sized bus costs \$54,000 to purchase, the difference in the EAC is \$902 per year per school bus. The difference in the EAC of a larger school bus that costs \$80,000 would be \$1,336. These estimates assume that the average annual maintenance cost in years 13 through 15 are identical to the average maintenance cost in the earlier years. If the maintenance costs are higher in these years, then the difference in the EAC would be decreased by the difference in the average annual maintenance cost.