

ACT 108

H.B. NO. 2480

A Bill for an Act Relating to School Bus Fares.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The department of education contracts school busing services for students who qualify for such services in accordance with its administrative rules. The rules are in the process of being amended to address concerns relating to the identification of students who ride school buses without payment, to improve the accountability for school bus fares paid by student riders, and to address the operating budget deficit.

To address these concerns, the proposed administrative rule amendments will require schools to collect bus fares from student riders. Currently, approximately five hundred thirty school bus drivers collect bus fares from students twice each day. An average amount of collections is deducted from school bus contractors' gross amount and the contractor is compensated the net amount. Under the proposed change, contractors will no longer collect bus fares. When schools collect bus fares, the moneys will need to be deposited into a revolving fund and made available to disburse to contractors as a part of their compensation for services provided.

The purpose of this Act is to establish a revolving fund for the deposit of school bus fares.

SECTION 2. Chapter 302A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§302A- School bus fare revolving fund.** (a) There is established in the state treasury the school bus fare revolving fund, into which shall be deposited all moneys received from students and parents or guardians of students by public schools for state-provided school busing services, as authorized by section 302A-406.

(b) Except as otherwise provided by the legislature, moneys in the school bus fare revolving fund shall be used for school busing services, as authorized by section 302A-406."

SECTION 3. Section 302A-407, Hawaii Revised Statutes, is amended to read as follows:

**"[§302A-407] School bus contracts.** (a) Any other law to the contrary notwithstanding, school bus contracts between the State and a private contractor may be extended for two years by mutual agreement; provided that the parties may agree to extend the contract for an additional two years thereafter. The compensation due to the contractor by the State for each extended year may be increased by an amount not to exceed five per cent of the previous year's compensation. In addition, the compensation due to the contractor by the State for any original or extended contract year may be increased by a reasonable amount for unanticipated inflation-

ary increases in the cost of fuel. If the original contract between the State and a private contractor already includes an option to extend the contract period, this subsection shall apply after the contract option is exercised.

(b) In the renegotiation for the extension of any contract, the contractor shall be notified at least three months in advance to prepare data and facts relating to fuel cost for the justification of an increase in the amount for the new contract period.

(c) If a school is temporarily closed due to an unexpected disruption necessitating the closing of the school, the contractor and the State may enter into renegotiation for payments of fixed costs.

(d) The contract between the State and the contractor shall include an age limit for the school bus vehicles that may be used. The serviceability of a vehicle shall be determined by chapter 286.

(e) The contract between the State and the contractor shall include a provision requiring the contractor to equip the contractor's vehicles with the signs and visual signals described in section 291C-95(d) and (g). The contract shall also include other provisions as may be deemed necessary by the State for the safety of school bus passengers and shall include provisions requiring periodic refurbishment of school buses over ten years old.

(f) All moneys received from students and parents or guardians of students by public schools for state-provided school busing services, as authorized by section 302A-406, shall be deposited into the school bus fare revolving fund. Except as otherwise provided by the legislature, expenditures for the operation of state-contracted school bus services, as authorized by section 302A-406, shall be made from this fund.'

SECTION 4. There is appropriated out of the school bus fare revolving fund the sum of \$2,000,000 or so much thereof as may be necessary for fiscal year 2002-2003 to carry out the purposes of this Act.

The sum appropriated shall be expended by the department of education for the purposes of this Act.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>1</sup>

SECTION 6. This Act shall take effect on July 1, 2002.

(Approved May 31, 2002.)

**Note**

1. Edited pursuant to HRS §23G-16.5.