



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0512.02 (001): Require seat belts on newly purchased school buses

Primary Sponsor: Jill Cohenour Status: As Amended in House Committee

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact  
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

|                             | <u>FY 2026</u><br><u>Difference</u> | <u>FY 2027</u><br><u>Difference</u> | <u>FY 2028</u><br><u>Difference</u> | <u>FY 2029</u><br><u>Difference</u> |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Expenditures</b>         |                                     |                                     |                                     |                                     |
| General Fund (01)           | \$2,500                             | \$0                                 | \$0                                 | \$0                                 |
| <b>Revenues</b>             |                                     |                                     |                                     |                                     |
| General Fund (01)           | (\$610)                             | (\$610)                             | (\$610)                             | (\$610)                             |
| <b>Net Impact</b>           | <u>(\$3,110)</u>                    | <u>(\$610)</u>                      | <u>(\$610)</u>                      | <u>(\$610)</u>                      |
| <b>General Fund Balance</b> |                                     |                                     |                                     |                                     |

### Description of fiscal impact

HB 512 requires a new school bus purchased to comply with the bus standard set by the Board of Public Education, to be equipped with lap-shoulder belts. There is no fiscal impact to the Office of Public Instruction. HB 512 would require a one-time-only programming fee for the CARS program. The bill would also cause a slight decrease in revenue.

### FISCAL ANALYSIS

#### Assumptions

#### Office of Public Instruction

1. HB 512, new section 1, requires school buses purchased to comply with the bus standard set by the board of public education, to be equipped with seat belts and that seat belt use is to be enforced, required, and in good working order. This section also provides that a person may not be charged for violation of this section if another passenger is in violation when the district has a publicly available policy. Additionally, if the district has a policy in place the district is not liable.
2. New section 2 provides an exemption from the lap-shoulder belt requirement when the bus is purchased prior to January 1, 2026, or if the Board of Trustees determines the district's budget does not permit adding the cost of the lap-shoulder belts and there is a vote to approve the determination.
3. Section 20-10-101, MCA, a definitions section, adds a requirement that if a vehicle that is not a school bus has lap-shoulder belts the districts enforceable, publicly available lap-shoulder belt usage policy applies to any passenger in the vehicle.
4. Section 4, under current statute states that before any contract with a private party for pupil transportation is awarded the school board is required to use a bidding process and that the new contract is not to exceed more than 12% of the basic costs of the prior year contract. Increased costs associated with the purchase and installation of lap-shoulder belts is not to be considered a portion of the base contract increase over the previous year.

5. The bill clarifies in Section 5 that the board may not adopt a rated capacity that exceeds the rated capacity of the school bus as determined by the school bus manufacturer.
6. Section 6 adds language that reduces the fee in lieu of tax by 10% when the bus is equipped with lap shoulder belts.
7. The estimated cost of installing seat belts in new school buses is estimated to be \$7,000 - \$12,000 per bus depending upon the make and model of the school bus.
8. In review of OPI data from the past five years, approximately 107 new school buses are purchased annually statewide. This estimate does not include resale of buses to other districts that may or may not have seat belts installed.
9. Under current Montana School Bus Standards, some school districts currently purchase buses with three-point lap-shoulder belts and are permitted under these same standards.
10. Neither OPI nor the state have any cost related to this legislation.

**Department of Justice**

11. HB 512 would require programming of the Motor Vehicle Division's Credentialing and Registrations System (CARS) in the amount of \$2,500.
12. There were 562 school buses registered in FY 2024.
13. If each school bus receives the 10% discount on their registration costs for adding seat belts the total discount annually is estimated to be \$610.

**Fiscal Analysis Table**

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Operating Expenses  | \$2,500        | \$0            | \$0            | \$0            |
| <b>TOTAL Expenditures</b>   | <b>\$2,500</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |
| General Fund (01)   | \$2,500        | \$0            | \$0            | \$0            |
| <b>TOTAL Funding of Expenditures</b>                                      | <b>\$2,500</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |
| General Fund (01)   | (\$610)        | (\$610)        | (\$610)        | (\$610)        |
| <b>TOTAL Revenues</b>   | <b>(\$610)</b> | <b>(\$610)</b> | <b>(\$610)</b> | <b>(\$610)</b> |
| <b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b> |                |                |                |                |
| General Fund (01)   | (\$3,110)      | (\$610)        | (\$610)        | (\$610)        |

  
 Sponsor's Initials \_\_\_\_\_ Date \_\_\_\_\_

  
 Budget Director's Initials \_\_\_\_\_ Date 4/3/2025