

BILL ANALYSIS

C.S.H.B. 1018
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas law does not require that school districts provide transport to and from school for students who live within two miles of the campus. Within that parameter in the Houston Independent School District, many parents contract with private providers to transport their children. Most of these parents are working poor, minorities, who contract with these private bus companies to transport their children safely across busy streets, through dangerous neighborhoods.

Under current state law, Section 643.101(a) and (b), Transportation Code, a motor carrier is required to maintain liability insurance in an amount set by the Department of Transportation (TxDOT). TxDOT may not set the amount of liability insurance required at a level higher than the amount required for a motor carrier under a federal regulation adopted under 49 U.S.C. Section 13906 (a)(1). According to 43 T.A.C. Section 18.16(a)(1) "buses designed or used to transport more than 15 passengers (including the driver), but fewer than 26 passengers (not including the driver), must maintain a minimum liability insurance of \$500,000, and buses designed or used to transport 26 passengers or more (not including the driver) must maintain a minimum liability insurance of \$5M." According to the Texas Association of Private Bus Owners most bus owners charge parents between \$6 and \$20 per week per child to transport their children to and from school. However, to meet the \$5M insurance requirement, the bus owners would need to charge parents between \$30 and \$50 per week per child.

The proposed bill would create minimum liability insurance amounts for certain school buses.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Section 1: Exempts certain school buses from the liability insurance amounts in Section 643.101(b) of the Transportation Code.

Section 2: Establishes minimum liability insurance amounts for privately operated vehicles used to transport children to and from schools. Adds 643.1015 to Subchapter C, Chapter 643 of the Transportation Code . Applies only to a school bus 1) owned by a motor carrier required to be registered under Subchapter B [Subchapter B requires all commercial motor vehicles, including school activity buses, and tow trucks to register with TxDOT]; 2) in compliance with the requirements of Chapter 548 [Chapter 548 relates to compulsory inspection of vehicles and provides various definitions]; 3) operated exclusively within the boundaries of a municipality by a person who holds a driver's license of the appropriate class and meets the requirements of Section 521.022 of the Transportation Code [Sect. 521.022 places restrictions on certain school buses]. Requires owner of school bus to maintain liability insurance of at least \$500,000. Defines "school bus" .

Section 3: Requires a motor carrier to register, at the appropriate times, with the department [here TxDOT], evidence of insurance in the amounts listed in Section 643.1015 of the Transportation Code.

Section 4: Effective date

C.S.H.B. 1018 79(R)

EFFECTIVE DATE

Upon passage, or if the Act does not receive the necessary number of votes, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B 1018 removes the requirement that the proposed legislation apply only to school buses operated exclusively within the boundaries of a municipality having a population of 1.9 million or more.

The committee substitute also changes the amounts of liability insurance required for certain school bus operators. The substitute requires the owner of a privately operated school bus to maintain liability insurance in the amount of at least \$500,000. The original bill required the owner of a school bus to maintain liability insurance of at least \$300,000 for a school bus designed or used to transport fewer than 26 passengers, including the operator; and at least \$500,000 for a school bus designed or used to transport 26 or more passengers, including the operator