

**A-Engrossed**  
**House Bill 3014**

Ordered by the House April 4  
Including House Amendments dated April 4

Sponsored by Representatives PHAM K, NERON, NGUYEN H, GAMBA, NOSSE; Representatives DEXTER, FAHEY, MARSH, TRAN, Senators CAMPOS, DEMBROW, JAMA, STEINER (Presession filed.)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs State Board of Education to adopt rules that allow for reimbursement of school district expenses incurred [*in lieu of transporting students*] **for alternative transportation costs**. Prohibits reimbursements that are greater than amount school district would have received if school district had provided transportation **that is not alternative transportation**.

[*Declares emergency, effective July 1, 2023.*]

**A BILL FOR AN ACT**

1  
2 Relating to approved transportation costs for school districts; creating new provisions; and amend-  
3 ing ORS 327.033 and 327.043.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 327.033 is amended to read:

6 327.033. [(1) As used in this section, "*retrofit*" and "*Environmental Mitigation Trust Agreement*"  
7 have the meanings given those terms in ORS 468A.795.]

8 **(1) As used in this section:**

9 **(a) "Alternative transportation" means the arrival to, or departure from, a school by**  
10 **means other than a school bus or school activity vehicle or transportation provided under**  
11 **contract with a school district.**

12 **(b) "Alternative transportation costs" includes costs incurred by a school district for**  
13 **pedestrian or bicycle groups, crossing guards, public transit passes or other expenses related**  
14 **to the coordination of options for alternative transportation.**

15 **(c) "Environmental Mitigation Trust Agreement" has the meaning given that term in**  
16 **ORS 468A.795.**

17 **(d) "Retrofit" has the meaning given that term in ORS 468A.795.**

18 **(2)(a) The State Board of Education shall adopt rules to determine the amounts to re-**  
19 **imburse a school district for costs incurred by the school district in transporting students**  
20 **described in ORS 327.006 (2)(a).**

21 **(b) The rules adopted under this subsection must allow for the reimbursement of alter-**  
22 **native transportation costs if the costs are approved transportation costs. Alternative**  
23 **transportation costs are considered approved transportation costs if:**

24 **(A) The use of alternative transportation is included as part of a supplemental plan ap-**  
25 **proved by the State Board of Education, as provided by ORS 327.043; or**

26 **(B) The use of alternative transportation is included as part of a waiver approved by the**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 **State Board of Education, as provided by ORS 327.043.**

2 (c) **Notwithstanding paragraph (b) of this subsection, alternative transportation costs**  
3 **related to public transportation may be approved transportation costs only if:**

4 (A) **No other transportation options, including alternative transportation options for**  
5 **which alternative transportation costs may be approved transportation costs, are suitable**  
6 **and sufficient; and**

7 (B) **The student for whom public transportation costs are incurred:**

8 (i) **Does not live along an existing school bus route;**

9 (ii) **Has had the student's regular bus route or bus stop permanently removed; or**

10 (iii) **Has had the student's regular bus route temporarily suspended.**

11 [(2)] (3) **Approved transportation costs shall be estimated for the year of distribution.**

12 [(3)] (4) **In determining approved transportation costs related to school buses, the State Board**  
13 **of Education:**

14 (a) **Shall include depreciation of original cost to the school district of district-owned buses, not**  
15 **in excess of 10 percent per year;**

16 (b) **Shall include the costs to repower, retrofit or replace school buses powered by diesel engines**  
17 **for the purpose of reducing or eliminating diesel engine emissions, except that the board may not**  
18 **include the costs paid with moneys received from the state by a school district from the Clean**  
19 **Diesel Engine Fund under ORS 468A.801 (2)(a) to repower, retrofit or replace school buses powered**  
20 **by diesel engines for the purpose of reducing or eliminating diesel engine emissions; and**

21 (c) **Shall include costs to school buses powered by diesel engines as allowed in the Environ-**  
22 **mental Mitigation Trust Agreement, except that the board may not include costs paid from the En-**  
23 **vironmental Mitigation Trust Agreement in the calculation of the transportation grant computed as**  
24 **provided in ORS 327.013.**

25 [(4)] (5) **School districts shall account separately for those funds received from the State School**  
26 **Fund attributable to the costs included under subsection [(3)] (4) of this section, and expenditure**  
27 **of those funds shall be limited as follows:**

28 (a) **The expenditure of funds attributable to costs under subsection [(3)(a)] (4)(a) of this section**  
29 **shall be limited to the acquisition of new buses.**

30 (b) **The expenditure of funds attributable to costs under subsection [(3)(b)] (4)(b) and (c) of this**  
31 **section shall be limited to the costs to repower, retrofit or replace school buses powered by diesel**  
32 **engines for the purpose of reducing or eliminating diesel engine emissions.**

33 [(5)] (6) **The transportation grant computed as provided in ORS 327.013 when combined with**  
34 **costs paid from the Environmental Mitigation Trust Agreement to replace school buses powered by**  
35 **diesel engines may not exceed the purchase price of the buses for which the funds described in this**  
36 **subsection were received.**

37 **SECTION 2.** ORS 327.043 is amended to read:

38 327.043. (1) **As used in this section, "alternative transportation" has the meaning given**  
39 **that term in ORS 327.033.**

40 [(1)] (2) **A school district is required to provide transportation for elementary school students**  
41 **who reside more than one mile from school and for secondary school students who reside more than**  
42 **1.5 miles from school. A school district is also required to provide transportation for any student**  
43 **identified in a supplemental plan approved by the State Board of Education.**

44 [(2)] (3)(a) **Notwithstanding subsection [(1)] (2) of this section, the State Board of Education may**  
45 **waive the requirement to provide transportation to elementary and secondary students under**

1 paragraph (b) of this subsection.

2 (b) The State Board of Education may waive the requirement to provide transportation:

3 (A) For some or all of the elementary school students who reside more than one mile  
4 from school only if the school district that seeks the waiver provides suitable and sufficient  
5 alternative transportation to the elementary school students for whom the school district  
6 seeks the waiver. A school district that seeks a waiver under this subparagraph must pres-  
7 ent to the board a plan for providing suitable and sufficient alternative transportation to the  
8 elementary school students. Public transit passes are not considered suitable and sufficient  
9 for elementary school students.

10 (B) For secondary school students who reside more than 1.5 miles from school **only if the**  
11 **school district provides or identifies suitable and sufficient alternate modes of transporting**  
12 **secondary school students. A school district that seeks a waiver under this subparagraph** must  
13 present to the board a plan for providing or identifying suitable and sufficient alternate modes of  
14 transporting secondary school students.

15 (4) When submitting to the State Board of Education a supplemental plan or a waiver  
16 request that includes alternative transportation and that seeks reimbursement for costs in-  
17 curred in providing alternative transportation, a school district must include:

18 (a) A comparison of:

19 (A) The school district's projected approved transportation costs to serve students with-  
20 out alternative transportation; and

21 (B) The school district's projected approved transportation costs if alternative transpor-  
22 tation is approved.

23 (b) For a supplemental plan or a waiver that proposes to use alternative transportation  
24 for one or more routes not previously included in a supplemental plan or a waiver, an ex-  
25 planation of why the school district has determined that the use of alternative transportation  
26 for the route is necessary.

27 (c) For a waiver request that proposes to use public transportation for secondary school  
28 students, an explanation of how:

29 (A) The use of public transportation qualifies for approved transportation costs under  
30 ORS 327.033 (2)(c); and

31 (B) Any financial support provided by a local transit district according to ORS 184.758  
32 will be used prior to the school district incurring additional expenses.

33 (5) The State Board of Education may approve a supplemental plan or a waiver request  
34 to use alternative transportation and to provide reimbursement for costs incurred in pro-  
35 viding alternative transportation only when:

36 (a) The projected approved transportation costs under subsection (4)(a)(B) of this section  
37 are the same as or less than the projected transportation costs under subsection (4)(a)(A)  
38 of this section; or

39 (b) The applying school district adequately demonstrates that any expenses incurred in  
40 excess of subsection (4)(a)(A) of this section that are attributable to alternative transporta-  
41 tion will be paid with funds other than the transportation grant from the State School Fund.

42 (6) Notwithstanding subsection (4) of this section, a school district may request a waiver  
43 that includes alternative transportation without providing the additional information re-  
44 quired under subsection (4) of this section if the school district does not seek reimburse-  
45 ments for costs incurred in providing the alternative transportation.

1           **(7) Nothing in this section prevents a school district from providing alternative trans-**  
2 **portation in addition to otherwise required transportation when no reimbursement is sought**  
3 **for costs incurred in providing the alternative transportation.**

4           **SECTION 3. (1) The amendments to ORS 327.033 and 327.043 by sections 1 and 2 of this**  
5 **2023 Act become operative on July 1, 2024.**

6           **(2) The amendments to ORS 327.033 and 327.043 by sections 1 and 2 of this 2023 Act apply**  
7 **to approved transportation costs incurred on or after July 1, 2024.**

8           **(3) The State Board of Education, the Department of Education and school districts may**  
9 **take any action before the operative date set forth in subsection (1) of this section to enable**  
10 **school districts to be reimbursed for approved transportation costs incurred on or after July**  
11 **1, 2024.**

12