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AN ACT  
RELATING TO PUBLIC SCHOOL TRANSPORTATION; REQUIRING SCHOOL  
DISTRICT LIENS ON CONTRACTOR-OWNED SCHOOL BUSES UNDER  
CONTRACT TO THE SCHOOL DISTRICT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-8-27 NMSA 1978 (being Laws 1967,  
Chapter 16, Section 77, as amended) is amended to read:

"22-8-27. TRANSPORTATION EQUIPMENT.--

A. The department shall establish a systematic  
program for the purchase of necessary school bus  
transportation equipment.

B. In establishing a system for the replacement of  
school-district-owned buses, the department shall provide for  
the replacement of school buses on a twelve-year cycle.  
School districts requiring additional buses to accommodate  
growth in the school district or to meet other special needs  
may petition the department for additional buses. Under  
exceptional circumstances, school districts may also petition  
the department for permission to replace buses prior to the  
completion of a twelve-year cycle or to use buses in excess  
of twelve years contingent upon satisfactory annual safety  
inspections.

C. In establishing a system for the use of  
contractor-owned buses by school districts or state-chartered  
charter schools, the department shall establish a schedule  
for the payment of rental fees for the use of

1 contractor-owned buses. The department shall establish  
2 procedures to ensure the systematic replacement of buses on a  
3 twelve-year replacement cycle. School districts requiring  
4 additional buses to accommodate growth in the school district  
5 or to meet other special needs may petition the department  
6 for additional buses. Under exceptional circumstances,  
7 school districts may also petition the department for  
8 permission to replace buses prior to the completion of a  
9 twelve-year cycle or to use buses in excess of twelve years  
10 contingent upon satisfactory annual safety inspections.

11 D. The school district shall file a lien on every  
12 contractor-owned school bus under the contract, which lien  
13 shall have priority second only to a lien securing a  
14 purchase-money obligation. The school district shall perfect  
15 its lien on each contractor-owned school bus by filing the  
16 lien with the motor vehicle division of the taxation and  
17 revenue department. The lien shall be recorded on the title  
18 of the school bus. A school bus contractor shall not  
19 refinance or use a school bus on which a school district has  
20 a lien as collateral for any other loan without prior written  
21 permission of the department. A school bus lien shall be  
22 collected and enforced as provided in Chapter 55, Article 9  
23 NMSA 1978. The school district shall release its lien on a  
24 school bus:

25 (1) when the department authorizes a  
replacement of the school bus; or

(2) when the contractor has reimbursed the

1 school district the amount calculated pursuant to Subsection  
2 E of this section if the school bus service contract is  
3 terminated or not renewed and the contractor owes the school  
4 district as provided in that subsection.

5 E. No school district shall pay rental fees for  
6 any one bus for a period in excess of five years. In the  
7 event a school bus service contract is terminated or not  
8 renewed by either party, the department shall calculate the  
9 remaining number of years that a bus could be used based on a  
10 twelve-year replacement cycle and calculate a value  
11 reflecting that use. The school district shall deduct an  
12 amount equal to that value from any remaining amount due on  
13 the contract, or if no balance remains on the contract, the  
14 contractor shall reimburse the school district an amount  
15 equal to the value calculated.

16 F. If the school district fails to take action to  
17 collect money owed to it when a school bus contract is  
18 terminated or not renewed, the department may deduct the  
19 amount from the school district's transportation  
20 distribution."

21 SECTION 2. EFFECTIVE DATE.--The effective date of the  
22 provisions of this act is July 1, 2015. \_\_\_\_\_  
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