

JAN 23 2026

A BILL FOR AN ACT

RELATING TO STUDENT TRANSPORTATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that, while the number of
2 school bus drivers has increased since the governor's August 2,
3 2024, emergency proclamation relating to school bus services,
4 the department of education continues to experience a school bus
5 driver shortage.

6 The legislature further finds that some school bus
7 contractors enter into contracts but are later unable to provide
8 transportation for all contracted routes. Under existing law,
9 the department of education cannot simply cancel or reassign the
10 unfulfilled portion of the contract. This leaves students
11 without access to school transportation.

12 The purpose of this Act is to provide the department of
13 education with flexibility to remove or suspend portions of
14 school bus contracts if the contractor does not provide services
15 for five or more instructional days.



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

4 **"§302A- Student transportation contracts; failure to**
5 **provide service.** (a) Notwithstanding any law to the contrary,
6 when a contractor under a student transportation contract fails
7 to provide service on a contracted route for five or more
8 consecutive instructional days, the department may recommend to
9 the governor the suspension or removal of the affected route or
10 routes from the contract.

11 (b) The governor may specify conditions and timelines for,
12 and other limitations on, the suspension or removal of a route,
13 as deemed necessary to protect the public interest.

14 (c) Upon written approval by the governor, the department
15 may:

16 (1) Remove or temporarily suspend the affected route or
17 routes from the contract; and
18 (2) Enter into an interim agreement with another qualified
19 carrier to provide transportation for the affected
20 route or routes.



- 1 (d) An interim agreement executed under this section shall
2 be exempt from chapter 103D; provided that:
3 (1) The agreement shall be limited to the scope of the
4 suspended or removed route or routes;
5 (2) The agreement shall not exceed thirty months in
6 duration; and
7 (3) The department shall ensure compliance with all
8 applicable student safety standards.
9 (e) The department shall complete a competitive
10 procurement under chapter 103D for a permanent replacement
11 service within thirty months of executing an interim agreement
12 under subsection (d).
13 (f) The department shall assess a financial penalty
14 against any contractor that fails to provide service on a
15 contracted route without an approved justification. The penalty
16 shall be twenty-five per cent of the daily contract for each day
17 the route is unfulfilled. Collected penalties shall be
18 deposited into the school bus fare revolving fund under section
19 302A-407.5 and may be expended to offset costs associated with
20 procuring replacement services.



1 (g) The removal or suspension of a route under this
2 section, and the execution of an interim agreement, shall not
3 otherwise affect the validity or enforceability of the remaining
4 portions of the contract."

5 SECTION 3. Section 302A-407.5, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "~~§~~ **302A-407.5** ~~§~~ **School bus fare revolving fund.** (a)
8 There is established in the state treasury the school bus fare
9 revolving fund, into which shall be deposited ~~all~~:

10 (1) All moneys received from students and parents or
11 guardians of students by public schools for state-
12 provided school busing services, as authorized by
13 section 302A-406~~§~~; and

14 (2) Financial penalties assessed under section 302A- .

15 (b) Except as otherwise provided by the legislature,
16 moneys in the school bus fare revolving fund shall be used
17 ~~for~~:

18 (1) For school busing services, as authorized by section
19 302A-406~~§~~; and



1 (2) To offset costs associated with procuring replacement
2 services for a student transportation contact under
3 section 302A- ."

4 SECTION 4. This Act does not affect rights and duties that
5 matured, penalties that were incurred, and proceedings that were
6 begun before its effective date.

7 SECTION 5. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect upon its approval.

10

INTRODUCED BY: 



S.B. NO. 2549

Report Title:

DOE; Student Transportation; Governor

Description:

Authorizes the Department of Education to hire a new contractor if a contractor under a student transportation contract fails to provide service on a contracted route for five or more consecutive instructional days. Requires the Department to assess a penalty if a contractor fails to provide service on a contracted route without an approved justification. Specifies that the assessed penalties be deposited into the school bus fare revolving fund. Authorizes the use of the school bus fare revolving fund to offset costs associated with procuring replacement services.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

