

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 4th Meeting of the 2026 Interim

September 2, 2026

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Appropriations and Revenue was held on September 2, 2026, at 1:00 PM ET/12:00 PM CT in Room 149 of the Capitol Annex. Representative Jason Petrie, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jason Petrie, Co-Chair; Senator Christian McDaniel, Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, Scott Madon, Amanda Mays Bledsoe, Gerald A. Neal, Matt Nunn, Steve Rawlings, Craig Richardson, and Robin L. Webb; and Representatives Tina Bojanowski, Adam Bowling, Josh Bray, Randy Bridges, George Brown Jr., Lindsey Burke, Stephanie Dietz, Ken Fleming, Chris Freeland, Chris Fugate, Mark Hart, Matt Lockett, Shawn McPherson, Steve Riley, Pamela Stevenson, Walker Thomas, Timmy Truett, Ken Upchurch, and Wade Williams.

Guests: Chad LaRue, Executive Director, Kentucky Association of Highway Contractors; and Brian Wood, Executive Director, Plantmix Asphalt Industry of Kentucky.

LRC Staff: Cynthia Brown, Katy Jenkins, Kevin Miller, Sarah Watts, and Heather Hamilton.

Approval of Minutes

A motion was made by Representative McPherson, and seconded by Representative Bray, to approve the minutes of the August 5, 2026, meeting. Minutes were approved by voice vote without objection.

Budget Review Subcommittee Chair Reports

Senator Craig Richardson and Representative Wade Williams provided an overview of the September 2, 2026, meeting of the Budget Review Subcommittee on Health and Family Services. The discussion covered statewide data collection, the rural health transformation fund, and the new Norton Children's pediatric care village and hospital. Representative Williams highlighted the different ways Norton's is addressing the needs of the state. Representative Richardson noted the state's investment in data collection and a possible future funding request by Norton's.

Senator Madon and Representative Thomas provided an overview of the September 2, 2026, meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement. The committee heard testimony from the Finance and Administration Cabinet on the State Investment Commission. Senator Madon and Representative Thomas noted the return on investment (ROI) from the budget reserve trust fund differs from the pension funds. Representative Thomas stated a possible update to the statute may expand investment options.

Senator Matt Nunn and Representatives Chris Fugate and Shawn McPherson provided an overview of the September 2, 2026, meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection. The committee heard updates on appropriations made to the Kentucky Horse Park and the ROI for the Cabinet for Economic Development's grant programs. Senator Nunn stated the Kentucky Horse Park brings 2.3 million visitors a year to the region. Representative McPherson noted the federal government supplements the Cabinet for Economic Development's grant programs providing a 300% ROI for every invested state dollar.

Senator Shelley Funke Frommeyer and Representative Stephanie Dietz provided an overview of the September 2, 2026, meeting of the Budget Review Subcommittee on Justice and Judiciary. The committee heard updates from the Department of Corrections (DOC) and the Department of Public Advocacy (DPA). Representative Dietz discussed 2 lawsuits involving the DOC. She highlighted a future legislative fix needed for the DPA. Senator Funke Frommeyer mentioned the improvement in DPA employee retention numbers and a DOC's request for proposal (RFP).

Responding to Chair Petrie, Representative Dietz confirmed the reason for the bankruptcy for Wellpath.

Representative Upchurch provided an overview of the September 2, 2026, meeting of the Budget Review Subcommittee on Transportation. The committee heard testimony from the Kentucky Transportation Cabinet on its personal service design contracts and the processes with the cash management system. Representative Upchurch noted the Transportation Cabinet has approximately \$230 million in personal service design contracts over the biennium.

Letting of Road Projects

Chad LaRue, Executive Director, Kentucky Association of Highway Contractors provided an overview of Kentucky state road funding and highway project lettings over the past

decade. Mr. LaRue shared how inflationary costs are outpacing the increase in traditional funding, as well as additional funding, provided by the General Assembly.

Responding to Chair Petrie, Brian Wood, Executive Director, Plantmix Asphalt Industry of Kentucky, stated there are temperature limitations in addition to a calendar cut-off date of November 15th. Mr. LaRue added projects let in August and September have completion dates of June 30th.

Responding to Chair Petrie, Mr. LaRue explained the motor vehicle usage tax is tied directly to the market through the sale price of vehicles and the gas tax is tied to the average wholesale price.

Responding to Senator Boswell, Mr. LaRue discussed project completion issues and how the Transportation Cabinet and contractors work together to try to get projects completed to avoid incompleteness penalties.

Responding to Representative Rawlings, Mr. LaRue could not provide more detailed information on the decline of District 6's federal and state annual awards in 2026.

Responding to Chair Petrie, Mr. LaRue agreed District 3 is almost last in awarded projects and a fast-growing district with a lot of transportation needs will fall behind more quickly than a slower growth district, when not keeping pace with the needs.

Responding to Senator Nunn, Mr. LaRue discussed the impact on the workforce when projects decline.

Responding to Chair Petrie, Mr. LaRue continued to discuss measures that companies take to retain their workforce, and the time it takes to recruit a new crew when there is an increase in work. The Transportation Cabinet is projecting around \$300 million to \$350 million of additional lettings this year, possibly up to \$1 billion, and there has been talk that next year will be flat.

Mr. Wood provided an overview of Plantmix Asphalt Industry of Kentucky, the economic impact of the asphalt industry, and awards and funding over the past 10 years.

Responding to Chair Petrie, Mr. LaRue stated he was unaware of any work force issues within the Department of Transportation.

Representative Thomas shared his tour experience at the asphalt plant.

Responding to Representative Williams, Mr. LaRue stated he was not familiar with the design side of the MicroStation software. The data Mr. LaRue receives from the Transportation Cabinet is in a generic file format, which can be used with multiple types of software.

Correspondence Received

Correspondence received included Interim Budget Allotment Adjustments for FY 2027 and Interim Emergency Appropriation Increases for FY 2027, from Jenny Bannister, Deputy Director, Office of Budget Review, LRC.

Reports Received

Reports received August 1, 2026 to August 26, 2026, from Cynthia Brown, Committee Staff Administrator, Appropriations and Revenue Committee, LRC.

Next Meeting

October 7, 2026, at 1:00 PM ET/12:00 PM CT in Capitol Annex Room 149, chaired by Co-Chair McDaniel.

Adjournment

With no further business before the committee, the meeting was adjourned.