

# **INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE**

## **Budget Review Subcommittee on Transportation**

### **Minutes of the 1st Meeting of the 2022 Interim**

**July 6, 2022**

#### **Call to Order and Roll Call**

The first meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, July 6, 2022, at 10:30 AM, in Room 131 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Senators Christian McDaniel, Johnnie Turner, and Mike Wilson; Representatives Randy Bridges, Chris Fugate, Samara Heavrin, Thomas Huff, Shawn McPherson, Phillip Pratt, Cherlynn Stevenson, and Ken Upchurch.

Guests: Jim Gray, Secretary, Transportation Cabinet (KYTC); Sarah Jackson, Project Manager, Real ID Program, KYTC; and, Matt Cole, Commissioner, Department of Vehicle Regulation, KYTC.

LRC Staff: Justin Perry, David Talley, and Spring Emerson.

Chair Higdon welcomed his grandson David, who was a guest in the audience.

#### **Impact of Inflation on the Road Fund**

Secretary Gray provided information relating to the impact of inflation on the Road Fund.

In response to a question from Chair Higdon regarding the Design/Build process, Secretary Gray said the idea had been conceived many years ago and has grown in the past ten to twenty years. Approximately ten years ago, the General Assembly approved the use of the Design/Build model for procurement and delivery, and the process allows the Cabinet to get projects to letting earlier. It is currently in use on the Brent Spence Bridge project, and was used on the Louisville-Southern Indiana Ohio River Bridges project under former Secretary Mike Hancock.

In response to a question from Chair Higdon regarding the Rural and Secondary Roads program, Secretary Gray said that even after the suspension of the two-cent gas tax increase, local governments will receive approximately \$17 million more in Revenue Sharing in the upcoming year than in fiscal year 2022, provided motor fuels usage rates remain consistent. This amount represents an \$8 million increase for the Rural and Secondary Roads program, a \$6.7 million increase for County Road Aid, and a \$2.8 million increase in Municipal Road Aid. Local governments will receive the Revenue Sharing payments on schedule, with the first payment at the beginning of August.

In response to a question from Chair Higdon regarding employee pay raises, Secretary Gray said pay disparities are an issue due to the private sector paying more at entry level for engineers than those working for state government. For example, entry-level engineers in the private sector are starting out around \$60,000 or \$70,000 per year, with the public offers being around \$40,000, which puts the public sector at a distinctive disadvantage. Chair Higdon commented that changing engineers from 37.5 hours per week to forty hours would effectively be a 6.5 percent pay increase. In the private sector, engineers would be required to work fifty or sixty hours per week, if not more.

### **I-69 and Mountain Parkway Mega Projects**

Secretary Gray provided an update on the I-69 and Mountain Parkway Mega Projects.

In response to a question from Chair Higdon regarding matching funds for the Brent Spence Bridge project, Secretary Gray said there was a thirty percent match, rather than the more customary twenty percent matching amount.

In response to a question from Chair Higdon regarding the timing of the grant proposal for these mega projects, Secretary Gray said conversations are ongoing with Indiana officials in an attempt to accelerate, and if possible, the grant applications would be complete by next year for the I-69 corridor. The Mountain Parkway corridor grants are expected to be complete by 2024.

Senator McDaniel cautioned that care must be taken when shifting General Fund dollars to the Road Fund, due to the necessary separation of those dollars and the budgetary discipline that includes. With the advent of electric vehicles, there is a real potential to obfuscate a decline in Road Fund revenues, when what is really needed is an understanding of the disproportionate impact it has on the roads.

Chair Higdon commented that the state portion of the vehicle property tax is deposited to the General Fund, and he would recommend that it go to the Road Fund instead.

### **Louisville Toll Bridges Rate Increases**

Secretary Gray provided information regarding rate increases on the Louisville toll bridges.

In response to a question from Chair Higdon regarding the possibility of legislating a cap on toll rate increases, Secretary Gray said the current rate of inflation was not anticipated when the tolling body was created and when finances were developed. The agreement with Indiana requires that both states agree, in order for the Tolling Body to meet.

### **Regional Drivers Licensing Offices**

Sarah Jackson and Matt Cole provided information regarding the thirty-one Regional Drivers Licensing Offices across Kentucky.

Chair Higdon commended KYTC staff for their hard work on this project. He emphasized that Real ID is not a requirement in Kentucky, and is needed only if traveling on a commercial flight, visiting a Military base, or entering a Federal building such as a courthouse or restricted nuclear power plant. He mentioned there are other modes of Real ID, such as passports and Military IDs.

In response to a question from Chair Higdon regarding the Elizabethtown office, Mr. Cole said they are hoping to open that location by this fall.

In response to a question from Chair Higdon regarding vision testing, Ms. Jackson said that should go into effect in July 2024.

In response to questions from Senator Turner regarding drivers testing, Mr. Cole said the Kentucky State Police (KSP) have decided to follow the KYTC regional model. Combining those resources is more efficient and will allow for more available appointments. Evaluation of Kentucky's drivers testing needs is ongoing, and many factors are considered in the process, such as the size of the community, and traffic to and from the testing location. The KSP has an agreement with the county to rent offices and that is paid for from the KSP budget.

Chair Higdon commented that the KSP are committed to address concerns by increasing staff and the use of mobile units, and these efforts will take time.

In response to a question from Representative McPherson regarding partnering with local public libraries, Ms. Jackson said they work with some of the public libraries for the pop-up program. There has been a lot of interest from libraries in local communities to host the pop-ups. In addition, local County Judges-Executive have assisted in steering the program toward their public libraries. Mr. Cole added that Circuit Clerks also participate in the program through the local County Judges-Executive.

Representative Heavrin commented that there had been a previous issue with permit testing in Hardin County, and expressed her appreciation for the cooperation and assistance received. She added that citizens in Grayson County have to drive for thirty-five minutes to reach their Regional Office. Chair Higdon commented that there are more people in the Elizabethtown-Hardin County area than other regions in Kentucky, and expressed his hope that there will be some relief in that area.

In response to a question from Representative Pratt regarding the homeless population, Mr. Cole said homeless IDs are still done in the Regional Offices. There is much effort being expended by local community services that assist with getting the homeless population to the necessary locations.

Representative Upchurch commented that much of the work performed in the Drivers Licensing Offices can be done online, either on a computer or by using a smartphone. He said the use of smartphones is more prevalent than computer usage in many areas.

Chair Higdon commented that a new law was passed in the 2022 Regular Session which became effective on July 1, 2022 that changed the testing requirements for expired licenses. It changed from one year to five years without going through the permit testing process again. They can retake the written and vision tests and forgo the permit testing.

### **Adjournment**

There being no further business before the subcommittee, a motion was made by Senator Turner to adjourn. The motion was seconded by Representative Pratt, and the meeting was adjourned at 11:56 AM.