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**MEMORANDUM**

To: Robert Stivers, President of the Senate  
David Osborne, Speaker of the House  
Members of the Legislative Research Commission

From: Senator Jason Howell, Co-Chair   
Representative Suzanne Miles, Co-Chair

Date: December 11, 2023

In a memorandum the Legislative Research Commission (LRC) established the Multimodal Freight Transportation System Improvement Task Force to study and make recommendations regarding:

1. Ports, freight, and air terminals, to review, correct, secure, and expand economic development opportunities, including ports for bulk river and rail service, as well as transit terminals for trucking and air freight;
2. The state of the current freight transportation system to identify both gaps where services are not available and existing facilities where backlogs exist and expansion is warranted; and
3. Funding opportunities, both one-time and recurring that are available or may be necessary to fund improvements and maintain the system.

The eight-member task force began meeting in June 2023 and convened four times during the 2023 Interim. Over the course of the four meetings, the task force heard from various stakeholder groups from throughout the Commonwealth. These stakeholder groups were the Kentucky Transportation Cabinet; the Cabinet for Economic Development; Kentuckians for Better Transportation with the Owensboro Riverport, Hickman-Fulton Co. Riverport Authority, and the Eddyville Riverport; the Louisville Riverport Authority; the Louisville Regional Airport Authority and Louisville Muhammad Ali International Airport; Cincinnati/Northern Kentucky International Airport; the Kentucky Railroad Association with Norfolk Southern, CSX, and RJ Coleman; the Kentucky Association of Manufacturers with Logan Aluminum, North American

Stainless, the T. Marzetti Company, and Toyota Motor Manufacturing Kentucky; the Kentucky Trucking Association with Hill Transportation; and the Central Ohio River Business Association.

In accordance with the memorandum, the task force submits the following findings and recommendations to LRC for consideration and referral to the appropriate committee or committees. These recommendations are based on the testimony provided to the task force during the 2023 Interim. The findings do not include independent research by LRC staff. This memorandum serves as the final work product of the task force.

## Findings

1. **Multimodal transportation is critically important for Kentucky's core industries, such as agriculture, automotive, metals, plastics, and aerospace.**

The goods that industries are shipping, as well as the forms of transportation used for shipping, are changing, and Kentucky must adapt to these changes to ensure that the Commonwealth is competitive and prosperous in the future.

2. **Kentucky's riverports have a backlog of \$12.3 million in unmet needs to bring existing infrastructure into a state of good repair and continue business as normal.**

Kentucky waterways are supported by ten public riverports, seven active ports, and three ports at differing stages of development. These ports provide critical connections moving goods on and off the rivers. Kentucky's public riverports are supplemented by over 160 privately owned terminals that provide many of the same services as our public riverports, but often are developed for a single commodity.

3. **The Kentucky Riverport Improvement (KRI) Grant Program, established in 2013, lags behind neighboring states and does not adequately meet the needs of Kentucky's riverports.**

The KRI funds are a General Fund appropriation in the Kentucky Transportation Cabinet budget, has a current budget allocation of \$500,000 annually, requires a 50 percent local match, and funds must be used by the end of the fiscal year or they are returned to the General Fund. Funding can be used for new construction, repairs, or replacement of docks, wharves, equipment, port storage facilities, roadways and railroads, other onsite improvements, and related professional services. Funds may not be used on routine maintenance, port operations, plans, studies, or as a match for federal grants. Riverports expressed concerns over both the low funding amount and restrictive nature of these grants. Kentucky's grant program lags far behind those in Missouri, Illinois, and Ohio.

4. **Both commercial and general aviation have a significant role in economic development and the movement of freight in Kentucky.**

The three major commercial airports in Kentucky, SDF, CVG, and Bluegrass Airport (LEX), are self-sustaining, tax generating, and job creating airports, that have a critical role in multimodal freight transportation. SDF is home to UPS worldport and is the base of UPS airlines, which is the third busiest cargo airport in North America, and the fifth busiest cargo airport in the world. The SDF UPS base carried lifesaving cargo throughout the pandemic and played a critical role in vaccine distribution. UPS is now investing

\$220 million in a new hangar at SDF. There has been exponential cargo growth at CVG. Between 2015 and 2022, cargo volume through CVG grew more than 146 percent. A large contributor to that growth is the DHL hub at CVG, which is their second largest global super hub. General aviation also has a vital role to play in the transportation system with many locations throughout the Commonwealth.

**5. Rail intermodal is growing and has increased need of funding support for federal grant matching.**

Since the transition from hauling coal to the use of different kinds of fuel, the railroad industry has had to reinvent itself and one of the ways that this has been accomplished is through the growth of the intermodal network. The Tennken Railroad was awarded \$7.37 million in Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant funds to revitalize infrastructure in Tennessee and Kentucky. However, a majority of those funds are being spent in Tennessee due to Kentucky not participating in federal match of 30% for the grant. Kentucky is able to take advantage of the Kentucky Rail Crossing Improvement Program (KRCI), \$1.6 million annually, which is limited to grade crossing repairs and improvements.

**6. Manufacturing is booming in the Commonwealth and will continue to provide jobs and opportunities for Kentuckians with adequate support and planning.**

Over the past five years, manufacturers have announced over 900 facility location or expansion projects in the Kentucky with a reported capital investment of over \$28 billion and nearly 39,000 new jobs. As the nation still grapples with supply chain challenges, companies are looking for alternative shipping routes, and Kentucky's central location and transportation network is critical to the success of the economy. Manufacturers need support from both the Kentucky Department of Transportation and the Cabinet for Economic Development to remain competitive and access all major forms of freight transportation.

**7. Kentucky is behind other states in the numbers of existing trucking companies and registered trucks and the industry faces significant challenges.**

There are 5,200 interstate trucking companies based in Kentucky that register 24,000 vehicles. These numbers lag far behind those in surrounding states, with every surrounding state except West Virginia having almost double the number of trucking companies and many times over the number of registered vehicles. In addition, truck parking remains a significant issue for trucking companies and operators. On an average night, 9,000 trucks compete for 7,196 marked, designated trucking parking spots in Kentucky. Truckers are faced with parking illegally on the on or exit ramps or side of the road or violating federal hours of service. Either option is unsafe for the motoring public and the truck driver. Law enforcement also faces a difficult decision to make a fatigued driver move, violating their hours of service, or to remain parked illegally.

## Recommendations

1. The General Assembly should consider an increase of the funds dispersed by the Kentucky Riverport Improvement Grant Program, an expansion of the uses of the funds in the program to allow these funds to be used as federal grant match requirements, and eliminate the requirement that all funds in the program be spent by the end of the fiscal year, to ensure riverports can use these funds for major capital improvements and maintain business operations.
2. Public riverports should submit a list of priority projects to the 2024 General Assembly for a one-time infusion of funds to maintain current business operations. Public riverports should also create and submit a 10-year asset preservation plan for long-term sustainable planning for riverport operations.
3. The Department for Local Government should encourage riverports and other eligible entities to use provisions in HB 9 from the 2023 Regular Session, and should conduct outreach to these organizations and educate them on available funds through HB 9 as a potential source for local match funds.
4. The Kentucky Transportation Cabinet and the Cabinet for Economic Development should have increased and open communications during business attraction and transportation projects to ensure efficient infrastructure planning and assure that businesses can access and utilize all the major forms of freight transportation that they need to conduct business in the Commonwealth.
5. The General Assembly should review and update railroad funding mechanisms, such as the shortline railroad assistance fund and the Kentucky Rail Crossing Improvement Program, and study benefits of shortline rail expansion and increased railroad funding.
6. The Kentucky Transportation Cabinet should study highway congestion and the lack of truck parking along Kentucky's interstate highways, and provide potential solutions to these problems to improve the efficiency of the highway system in the Commonwealth.