

## 2021 REGULAR SESSION

### SENATE STANDING COMMITTEE ON TRANSPORTATION

#### 3rd Meeting

February 24, 2021

The Senate Standing Committee on Transportation held its 3rd meeting of the 2021 Regular Session on February 24, 2021, at 9:00 AM, in Room 129 of the Capitol Annex. The Chair called the meeting to order, and the secretary called the roll. The minutes from the Committee's February 10, 2021 meeting were approved.

Members Present: Senator Jimmy Higdon, Chair, Senator Brandon Storm, Vice-Chair; Senators Karen Berg, C.B. Embry, Brandon Smith, Phillip Wheeler, Mike Wilson, Max Wise, and David Yates.

LRC Staff: Brandon White, John Snyder, Dana Fugazzi, and Christina Williams.

#### **Update from the Kentucky Transportation Cabinet (KYTC) on Funding and Bid Lettings**

Jim Gray, Secretary, KYTC and Mike Hancock, Deputy Secretary, KYTC discussed Road Fund levels and bid lettings. Secretary Gray stated that the advancement of Kentucky roadways, rather than just the maintenance of the current system, will be very difficult to achieve with the flat lined revenue stream that is in place today. He added that it is a flat lined revenue stream, at a time when highway construction costs within the last seven years have increased more than 30 percent.

Secretary Gray stated a large portion of the available funding for KYTC's program, and all of the county and municipal road money comes from the Motor Fuel Tax. He stated that revenues fell in 2015 by approximately \$150 million, and over the last six years have fallen by anywhere from \$150 million to \$180 million per year.

Secretary Gray stated that as the revenues fell, KYTC had to shift its philosophy about Road Fund expenses, in particularly the focus of the Six-year Highway Plan. Efforts were prioritized. He stated that priority number one has become taking care of the existing highway system. Which includes implementing a data-driven, pavement preservation program to address an estimated \$4 billion in pavement needs and almost \$2 billion in bridge needs across the Commonwealth over the next ten years. Secretary Gray also stated that priority one also includes working to reduce fatalities and injuries on Kentucky's roadways by implementing data-driven safety program to address the \$1 billion in highway safety needs across the Commonwealth over the next ten years.

Secretary Gray added that included in the first priority is increasing the current maintenance program by \$50 million annually, and facilitating the efficient flow of revenue

shared funds to Kentucky's cities and counties to ensure they have maximum access to their 48.2 percent share of Motor Fuel Tax revenue.

Secretary Gray stated that KYTC's second priority is ensuring the full use of federal highway funding for all federal transportation programs by providing the necessary state matching funds. He stated the federal highway funding system is a reimbursement system that represented approximately \$736 million for the last several years.

Secretary Gray stated that KYTC's third priority is enacted once the first two priorities have been adequately funded. The third priority is being able to pursue projects in the Six-year Highway Plan.

Secretary Gray updated the Committee on bid lettings. He stated that even with the effects of the Covid-19 pandemic, where approximately \$60 million in revenue was lost, KYTC was able to award \$632.6 million in new highway construction contracts. He added that in calendar years 2021 and 2022, KYTC expects to award approximately \$850 million in construction contracts each year.

Secretary Gray stated that KYTC has concerns as surrounding states such as Illinois, Indiana, Ohio, and Virginia have raised their Motor Fuel Taxes in recent years. He added that for some states, the Motor Fuel Tax is not the only means for funding transportation programs.

Secretary Gray stated the unfortunate project delays and responses due to lower transportation revenues is another area of concern. Limited funding has resulted in the state funded projects of the enacted 2020 Highway Plan being oversubscribed by almost \$70 million in the current biennium, more than \$400 million in the 2023-2024 biennium, and more than \$750 million in the 2025-2026 biennium. Secretary Gray stated that with more than \$1.2 billion more than can be afforded in the enacted 2020 Highway Plan, KYTC is under water with Shift having little ability to make much difference anytime soon.

Chairman Higdon extended gratitude to KYTC on behalf of the Committee and the Kentucky General Assembly on the endeavors of the KYTC road crews during the most recent ice storm.

Secretary Wheeler also praised the efforts of KYTC during the recent ice storm.

In response to a question asked by Chairman Higdon, Deputy Secretary Hancock stated he would get information to him on the paving schedule on rural and secondary roads.

**Senate Bill 215** was discussed by its sponsor Senator Brandon Storm. Appearing with Senator Storm was Mr. Jason Siwula, Assistant State Highway Engineer, KYTC, who spoke in favor of the measure. After brief discussion, Senator Phillip Wheeler made a motion to pass Senate Bill 215. Senator David Yates seconded the motion, which passed on a 9-0-0 roll call vote.

**Senate Bill 236** was discussed by its sponsor Senator Jason Howell. Appearing with Senator Howell was Mr. Godwin Onodu, Director, Motor Vehicle Licensing, KYTC, who spoke in favor of the measure. After brief discussion, Senator Phillip Wheeler made a motion to pass Senate Bill 236. Senator Mike Wilson seconded the motion, which passed on a 9-0-0 roll call vote.

**Senate Bill 75** was discussed by its sponsor Senator Phillip Wheeler, who indicated there was a committee substitute on the measure. Senator Mike Wilson made a motion to adopt the committee substitute. Senator Brandon Storm seconded the motion, which passed by voice vote. After brief discussion, C.B. Embry made a motion to pass Senate Bill 75 as amended by the committee substitute. Senator Brandon Storm seconded the motion, which passed on a 9-0-0 roll call vote.

With no further business to come before the Committee, Chairman Higdon adjourned the meeting at 9:52 A.M.