

1 AN ACT relating to appropriations providing financing and conditions for the
 2 operations, maintenance, support, and functioning of the Transportation Cabinet of the
 3 Commonwealth of Kentucky.

4 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

5 ➔Section 1. The Transportation Cabinet Budget is as follows:

6 **PART I**
 7 **OPERATING BUDGET**

8 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road
 9 Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for
 10 the fiscal year beginning July 1, 2026, and ending June 30, 2027, and for the fiscal year
 11 beginning July 1, 2027, and ending June 30, 2028, the following discrete sums, or so
 12 much thereof as may be necessary. Appropriated funds are included pursuant to KRS
 13 48.700 and 48.710. Each appropriation is made by source of respective fund or funds
 14 accounts. Appropriations for the budget units of the Transportation Cabinet are subject to
 15 the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and
 16 compliance with the conditions and procedures set forth in this Act.

17 **A. TRANSPORTATION CABINET**

18 **Budget Units**

19 **1. GENERAL ADMINISTRATION AND SUPPORT**

	2026-27	2027-28
21 General Fund	500,000	500,000
22 Restricted Funds	2,754,800	2,660,800
23 Road Fund	76,462,000	74,717,900
24 TOTAL	79,716,800	77,878,700

25 **(1) Biennial Highway Construction Plan:** The Secretary of the Transportation
 26 Cabinet shall produce a single document that shall detail the enacted fiscal biennium
 27 2026-2028 Biennial Highway Construction Program, the 2028-2032 Highway

1 Preconstruction Program, and the Local Assistance Road Program.

2 **(2) Adopt-A-Highway Litter Program:** The Transportation Cabinet and the
3 Energy and Environment Cabinet may receive, accept, and solicit grants, contributions of
4 money, property, labor, or other things of value from any governmental agency,
5 individual, nonprofit organization, or private business to be used for the Adopt-a-
6 Highway Litter Program or other statewide litter programs. Any contribution of this
7 nature shall be deemed to be a contribution to a state agency for a public purpose and
8 shall be treated as Restricted Funds under KRS Chapter 45, shall be reported according to
9 KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter
10 11A.

11 **(3) Budget Implementation:** The General Assembly directs the Transportation
12 Cabinet to carry out all appropriations and budgetary language provisions contained in
13 the Transportation Cabinet Budget. The Legislative Research Commission shall review
14 quarterly expenditure data to determine if an agency is out of compliance with this
15 directive. If the Legislative Research Commission suspects that any entity has acted in
16 non-conformity with this subsection, the Legislative Research Commission may order an
17 audit or review at the agency's expense. Such audit findings, reviews, and reports shall be
18 subject to the Kentucky Open Records Law. The Secretary of the Transportation Cabinet
19 shall provide a comprehensive annual report to the Interim Joint Committee on
20 Appropriations and Revenue, as appropriate, detailing expenditures related to the
21 appropriations contained within the budgetary language provisions for each budget unit
22 within the Transportation Cabinet. If an agency does not expend the full General Fund or
23 Road Fund appropriations contained within a budgetary language provision, the
24 unexpended funds shall be transferred to the Budget Reserve Trust Fund Account (KRS
25 48.705) or the Road Fund Surplus Account (KRS 48.710), respectively.

26 **(4) Riverport Improvements:** Included in the above General Fund appropriation
27 is \$500,000 in each fiscal year to the Riverport Financial Assistance Trust Fund (KRS

1 174.210).

2 (5) **AASHTOWare:** Included in the above Road Fund appropriation is
 3 \$1,200,000 in each fiscal year to support the AASHTOWare system.

4 (6) **On-Site Work:** Notwithstanding any statute or administrative regulation to
 5 the contrary, employees of the Transportation Cabinet shall not be permitted to
 6 telecommute unless specifically exempted by the Secretary of the Transportation Cabinet.
 7 All exemptions to allow employees to telecommute shall be reported to the Legislative
 8 Research Commission on a quarterly basis beginning August 1, 2026.

9 (7) **Employee Health Exam Reimbursement:** Notwithstanding any statute to
 10 the contrary, the contractually agreed upon reimbursement for required Commercial
 11 Driver’s License (CDL) physical examinations shall be authorized for employees whose
 12 job duties necessitate maintenance of a valid CDL. Such examinations shall be obtained
 13 through a medical provider of the employee’s choosing. Employees seeking
 14 reimbursement shall be responsible for submitting all required documentation, including
 15 itemized receipts and applicable forms, in accordance with Cabinet-established
 16 reimbursement policies and procedures.

17 **2. AVIATION**

	2026-27	2027-28
18 General Fund	1,154,000	1,137,700
19 Restricted Funds	18,098,200	17,526,100
20 Federal Funds	500,700	500,700
21 Road Fund	835,900	833,700
22 TOTAL	20,588,800	19,998,200

23
 24 (1) **Operational Costs:** Notwithstanding KRS 183.525(5), the above Restricted
 25 Funds appropriation includes operational costs of the program in each fiscal year.

26 (2) **Debt Service:** Included in the above Road Fund appropriation is \$835,900 in
 27 fiscal year 2026-2027 and \$833,700 in fiscal year 2027-2028 for debt service on

1 previously authorized bonds. Notwithstanding KRS 183.525, \$835,900 in fiscal year
 2 2026-2027 and \$833,700 in fiscal year 2027-2028 is transferred to the Road Fund from
 3 the Kentucky Aviation Economic Development Fund to support debt service on those
 4 bonds.

5 **3. DEBT SERVICE**

	2026-27	2027-28
Road Fund	100,330,300	103,213,000

8 **(1) Economic Development Road Lease-Rental Payments:** Included in the
 9 above Road Fund appropriation is \$100,080,300 in fiscal year 2026-2027 and
 10 \$102,963,000 in fiscal year 2027-2028 for Economic Development Road lease-rental
 11 payments relating to projects financed by Economic Development Road Revenue Bonds
 12 previously authorized by the General Assembly and issued by the Kentucky Turnpike
 13 Authority.

14 **(2) Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505,
 15 no portion of the revenues to the state Road Fund provided by the adjustments in KRS
 16 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment
 17 Acceleration Fund account during the 2026-2028 fiscal biennium.

18 **4. HIGHWAYS**

	2026-27	2027-28
Restricted Funds	217,654,900	348,294,800
Federal Funds	1,281,508,100	1,290,714,500
Road Fund	1,183,384,900	1,236,364,500
TOTAL	2,682,547,900	2,875,373,800

24 **(1) Debt Service:** Included in the above Federal Funds appropriation is
 25 \$69,146,800 in fiscal year 2026-2027 and \$11,351,900 in fiscal year 2027-2028 for debt
 26 service on already issued Grant Anticipation Revenue Vehicle (GARVEE) Bonds
 27 previously appropriated by the General Assembly.

1 **(2) State-Supported Construction Program:** Included in the above Road Fund
2 appropriation is \$648,691,500 in fiscal year 2026-2027 and \$685,178,900 in fiscal year
3 2027-2028 for the State-Supported Construction Program.

4 **(3) Biennial Highway Construction Program:** Included in the State-Supported
5 Construction Program is \$416,612,100 in fiscal year 2026-2027 and \$503,288,900 in
6 fiscal year 2027-2028 from the Road Fund for state construction projects and the state
7 match for federal projects in the 2026-2028 Biennial Highway Construction Program.

8 **(4) Highway Construction Contingency Account:** Included in the State-
9 Supported Construction Program is \$11,890,000 in each fiscal year for the Highway
10 Construction Contingency Account. Notwithstanding KRS 45.247(2), (4), (5), (6), (7),
11 and (8), the Secretary shall only expend Highway Construction Contingency moneys for
12 projects of an emergency nature or for projects that relieve a hazardous condition.
13 Notwithstanding KRS 224.43-505(2), included in the Highway Construction Contingency
14 Account is \$5,000,000 in each fiscal year to support the Kentucky Pride Fund created in
15 KRS 224.43-505. Notwithstanding KRS 45.247 and 177.320(4), included in the Highway
16 Construction Contingency Account is \$290,000 in each fiscal year for the Kentucky
17 Transportation Center. Also included in the Highway Construction Contingency Account
18 for Railroads is \$1,600,000 in each fiscal year for public safety and service improvements
19 which shall not be expended unless matched with nonstate funds equaling at least 20
20 percent of the total amount for any individual project. Additionally, in each fiscal year,
21 up to \$350,000 of the \$1,600,000 appropriation may be used to establish and administer
22 the Kentucky Rail Office in the Kentucky Transportation Cabinet.

23 **(5) 2024-2026 Biennial Highway Construction Plan:** Projects in the enacted
24 2024-2026 Biennial Highway Construction Plan are authorized to continue their current
25 authorization into the 2026-2028 fiscal biennium. If projects in previously enacted
26 highway construction plans conflict with the 2026-2028 Biennial Highway Construction
27 Plan, the projects in the 2026-2028 Biennial Highway Construction Plan shall control.

1 The Secretary shall make every effort to maintain highway program delivery by adhering
2 to the timeframes included in the 2026-2028 Biennial Highway Construction Plan for
3 those projects. It is the intent of the General Assembly that older projects will be removed
4 from the Biennial Highway Construction Plan in future budget bills.

5 **(6) State Match Provisions:** The Transportation Cabinet is authorized to utilize
6 Road Fund or General Fund state construction moneys or Toll Credits to match federal
7 highway moneys.

8 **(7) Federal Aid Highway Funds:** If additional federal highway moneys are
9 made available to Kentucky by the United States Congress, the funds shall be used
10 according to the following priority:

11 (a) Any demonstration-specific or project-specific moneys shall be used on the
12 project identified; and

13 (b) All other funds shall be used to ensure that projects in the fiscal biennium
14 2026-2028 Biennial Highway Construction Plan are funded.

15 If additional federal moneys remain after these priorities are met, the Transportation
16 Cabinet may select projects from the Highway Preconstruction Program.

17 **(8) Road Fund Cash Management:** The Secretary of the Transportation Cabinet
18 may continue the Cash Management Plan to address the policy of the General Assembly
19 to expeditiously initiate and complete projects in the fiscal biennium 2026-2028 Biennial
20 Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including
21 KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial
22 Highway Construction Plan by employing management techniques that maximize the
23 Cabinet's ability to contract for and effectively administer the project work. Under the
24 approved Cash Management Plan, the Secretary shall continuously ensure that the
25 unspent project and Road Fund balances available to the Transportation Cabinet are
26 sufficient to meet expenditures consistent with appropriations provided. The
27 Transportation Cabinet shall provide quarterly reports to the Interim Joint Committee on

1 Appropriations and Revenue when the General Assembly is not in session and the
2 Standing Committees on Appropriations and Revenue when the General Assembly is in
3 session beginning July 1, 2026.

4 **(9) Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229,
5 unexpended Road Fund and General Fund appropriations in the Highways budget unit for
6 the Construction program, the Maintenance program, and the Research program in fiscal
7 year 2025-2026 and in fiscal year 2026-2027 shall not lapse but shall carry forward.
8 Unexpended Federal Funds and Restricted Funds appropriations in the Highways budget
9 unit for the Construction program, the Maintenance program, the Equipment Services
10 program, and the Research program in fiscal year 2025-2026 and in fiscal year 2026-
11 2027, up to the amount of ending cash balances and unissued Highway and GARVEE
12 Bond Funds, to include any interest income earned on those bond funds, and grant
13 balances shall not lapse but shall carry forward.

14 **(10) Federally Supported Construction Program:** Included in the above Federal
15 Funds appropriation is \$1,175,748,300 in fiscal year 2026-2027 and \$1,242,678,700 in
16 fiscal year 2027-2028 for federal construction projects.

17 **(11) Highways Maintenance:** Included in the above Road Fund appropriation is
18 \$459,012,900 in fiscal year 2026-2027 and \$474,012,900 in fiscal year 2027-2028 for
19 Highways Maintenance. Of this amount, \$23,605,400 in fiscal year 2026-2027 and
20 \$38,605,400 in fiscal year 2027-2028 is to support increased maintenance and snow and
21 ice removal.

22 **(12) Delayed Projects Status Report:** The Secretary of the Transportation
23 Cabinet shall report by September 30 of each fiscal year to the Interim Joint Committee
24 on Transportation any project included in the enacted Biennial Highway Construction
25 Plan which has been delayed beyond the fiscal year for which the project was authorized.
26 The report shall include:

27 (a) The county name;

- 1 (b) The Transportation Cabinet project identification number;
- 2 (c) The route where the project is located;
- 3 (d) The length of the project;
- 4 (e) A description of the project and the scope of improvement;
- 5 (f) The type of local, state, or federal funds to be used on the project;
- 6 (g) The stage of development for the design, right-of-way, utility, and
7 construction phases;
- 8 (h) The fiscal year in which each phase of the project was scheduled to
9 commence;
- 10 (i) The estimated cost for each phase of the project;
- 11 (j) A detailed description of the circumstances leading to the delay; and
- 12 (k) The same information required in paragraphs (a) to (i) of this subsection for
13 the project or projects advanced with funds initially scheduled for the delayed project.

14 **(13) Maintenance Reentry Employment Program:** Included in the above Road
15 Fund appropriation is \$1,000,000 in each fiscal year to support contracting with a
16 501(c)(3) nonprofit organization or other entity that employs individuals on probation or
17 parole supervision to perform crew-based maintenance services. These individuals shall
18 be selected with input from the Department of Corrections and shall provide assistance
19 with litter abatement, graffiti removal, and vegetation control.

20 **(14) Federal Highways Match:** Notwithstanding KRS 45.229, the General Fund
21 appropriation balance for Federal Highways Match for fiscal years 2025-2026 and 2026-
22 2027 shall not lapse and shall carry forward.

23 **(15) Local Assistance Road Program:** Included in the State-Supported
24 Construction Program is \$70,189,400 in fiscal year 2026-2027 and \$20,000,000 in fiscal
25 year 2027-2028 from the Road Fund to fund the Local Assistance Road Program to assist
26 with county and city roads.

27 **(16) County and City Bridge Improvement Program:** Included in the State-

1 Supported Construction Program is \$25,000,000 in each fiscal year from the Road Fund
2 to support the County and City Bridge Improvement Program.

3 **(17) Grant Anticipation Revenue Vehicle (GARVEE) Bonds Reauthorization:**

4 The \$150,000,000 GARVEE Bond Funds to be issued for the I-69 Ohio River Crossing
5 pursuant to 2024 Ky. Acts ch. 180, Part I, A., 4., (15) are reauthorized.

6 **(18) Grant Anticipation Revenue Vehicle (GARVEE) Debt Service:**

7 Included in the above Federal Funds appropriation is \$7,713,200 in fiscal year 2026-2027 and
8 \$15,426,400 in fiscal year 2027-2028 for debt service payments related to the I-69 Ohio
9 River crossing. Included in the above Road Fund appropriation is \$1,928,300 in fiscal
10 year 2026-2027 and \$3,856,600 in fiscal year 2027-2028 for debt service payments
11 related to the I-69 Ohio River crossing.

12 **(19) Grant Anticipation Revenue Vehicle (GARVEE) Bonds Reauthorization:**

13 The \$150,000,000 GARVEE Bond Funds to be issued for the Brent Spence Bridge
14 Project pursuant to 2022 Ky. Acts ch. 214, Part I, A., 4., (15) are reauthorized.

15 **(20) Reauthorized Grant Anticipation Revenue Vehicle (GARVEE) Bonds**

16 **Debt Service:** Included in the above Federal Funds appropriation is \$15,426,400 in each
17 fiscal year for debt service payments related to the Brent Spence Bridge Project. Included
18 in the above Road Fund appropriation is \$3,856,000 in each fiscal year for debt service
19 payments related to the Brent Spence Bridge Project.

20 **(21) Strategic Highway Investment Formula for Tomorrow Scores and**

21 **Reporting:** The Transportation Cabinet shall provide Strategic Highway Investment
22 Formula for Tomorrow (SHIFT) scores for each district and statewide project to the
23 Interim Joint Committee on Appropriations and Revenue by October 1, 2027.

24 **(22) Recycled Asphalt Products:**

25 The Transportation Cabinet shall not restrict the use of recycled asphalt products for any asphalt mixture used on a project, provided that
26 the asphalt mixture meets the established performance criteria. The Transportation
27 Cabinet shall report on the percentage of recycled asphalt products used in state projects

1 to the Interim Joint Committee on Appropriations and Revenue on or before November 1,
2 2027. It is the intent of the General Assembly that by 2030, the Transportation Cabinet
3 shall use an asphalt mixture that utilizes 30 percent or greater recycled asphalt products.

4 **(23) I-69 Ohio River Crossing - Contingent Funds:** Notwithstanding 2024 Ky
5 Acts ch. 223, sec. 55, the General Fund appropriation for the 2024-2026 Biennial
6 Highway Construction Plan project number 2-1088.52 shall not be contingent upon
7 receipt of a federal Multimodal Project Discretionary Grant. This appropriation shall
8 instead be contingent upon the project's selection for funding through any Federal
9 Transportation Grant Program or a Federal Transportation Loan Program.

10 **(24) I-69 Ohio River Crossing - Design/Build:** Notwithstanding KRS
11 176.431(1)(a), the 2024-2026 Biennial Highway Construction Plan project number 2-
12 1088.52 may utilize design-build procurement methods.

13 **(25) I-69 Ohio River Crossing - Financial Plan Ratification:** Pursuant to KRS
14 175B.020(10)(a)5., the General Assembly hereby authorizes the Kentucky Public
15 Transportation Infrastructure Authority (KPTIA) to act as the developing and issuing
16 authority as described in KRS 175B.025, as necessary to facilitate the completion,
17 operating, and maintenance of the I-69 Ohio River Crossing Project and hereby ratifies
18 the financial plan for the project adopted by KPTIA Resolution 2025-1 and the bi-state
19 development agreement for the project approved by KPTIA Resolution 2025-2.

20 **(26) I-69 Ohio River Crossing - Reimbursement:** Included in the above
21 Restricted Funds appropriation is \$20,000,000 in fiscal year 2026-2027 and \$150,000,000
22 in fiscal year 2027-2028 to support reimbursement payments from Indiana for
23 construction expenses on the I-69 Ohio River Crossing.

24 **(27) Contractual Increases:** Included in the above Restricted Funds appropriation
25 is \$3,100,000 in each fiscal year for increased contract costs for contract services with
26 Trimarc and the Cumberland Gap Tunnel.

27 **(28) Highway District Lettings:** It is the intent of the 2026 General Assembly that

1 the Transportation Cabinet shall ensure an equitable distribution of small-scale
 2 construction lettings among highway districts. For purposes of this subsection, "small-
 3 scale construction lettings" means individual construction contracts with an estimated
 4 value of less than \$20,000,000. This is intended to promote geographic balance in the
 5 delivery of smaller construction projects, maintain workforce and contractor participation
 6 across all highway districts, and support consistent infrastructure investment statewide.
 7 On May 1 and November 1 of each fiscal year, the total dollar amount of small-scale
 8 construction lettings within each highway district for the previous six months shall be
 9 reported to the Interim Joint Committee on Appropriations and Revenue and the Interim
 10 Joint Committee on Transportation. Any project that is let in an area that has an
 11 emergency declared by the President of the United States shall not count towards this
 12 total.

13 **(29) Excess and Surplus Property Inventory:** The Transportation Cabinet shall,
 14 by December 1 of each fiscal year, submit a written report to the Interim Joint Committee
 15 on Transportation regarding property acquired for highway construction projects that has
 16 been deemed excess or surplus. This report shall include, at a minimum:

- 17 (a) An identification of all inventory currently classified as excess or surplus;
- 18 (b) The total number of lots currently held in said inventory;
- 19 (c) The estimated fair market value of the excess and surplus property; and
- 20 (d) The total volume and value of excess and surplus property sold during the
 21 preceding calendar year.

22 **(30) Design/Build Procurement:** Notwithstanding KRS 176.431, the
 23 Transportation Cabinet is authorized to utilize design/build procurement methods for any
 24 project in the Biennial Highway Construction Plan. The Transportation Cabinet shall
 25 report to the Interim Joint Committee on Transportation by November 1 of each fiscal
 26 year. This report shall include but not be limited to identification of all projects utilizing
 27 design/build procurement, the current status of each project, and a detailed accounting of

1 costs incurred and projected for each project.

2 **(31) Highway Planning:** Included in the above appropriations is \$835,500 in
 3 Road Fund and \$6,219,500 in Federal Funds in each fiscal year to support increased
 4 federal funding for the Planning Work Program.

5 **5. JUDGMENTS**

6 **(1) Payment of Judgments:** Road Fund resources required to pay judgments
 7 shall be transferred from the State Construction Account at the time when actual
 8 payments must be disbursed from the State Treasury.

9 **6. PUBLIC TRANSPORTATION**

	2026-27	2027-28
10		
11	General Fund	14,952,800
12	Restricted Funds	647,200
13	Federal Funds	41,838,100
14	TOTAL	57,438,100
		56,955,000

15 **(1) Nonpublic School Transportation:** Included in the above General Fund
 16 appropriation is \$4,800,000 in fiscal year 2026-2027 and \$4,650,000 in fiscal year 2027-
 17 2028 for nonpublic school transportation.

18 **7. REVENUE SHARING**

	2026-27	2027-28
19		
20	General Fund	24,000,000
21	Road Fund	341,452,400
22	TOTAL	365,452,400
		386,734,600

23 **(1) County Road Aid Program:** Included in the above appropriations is
 24 \$129,001,300 in Road Fund in fiscal year 2026-2027 and \$136,303,000 in Road Fund
 25 and \$13,000,000 in General Fund in fiscal year 2027-2028 for the County Road Aid
 26 Program to be distributed in accordance with KRS 177.320, 179.410, 179.415, and
 27 179.440.

1 **(2) Rural Secondary Program:** Included in the above Road Fund appropriation
2 is \$156,493,400 in fiscal year 2026-2027 and \$165,351,200 in fiscal year 2027-2028 for
3 the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340,
4 177.350, and 177.360.

5 **(3) Municipal Road Aid Program:** Included in the above appropriations is
6 \$54,279,200 in Road Fund in fiscal year 2026-2027 and \$57,351,500 in Road Fund and
7 \$13,000,000 in General Fund in fiscal year 2027-2028 for the Municipal Road Aid
8 Program to be distributed in accordance with KRS 177.365, 177.366, and 177.369.

9 **(4) Energy Recovery Road Fund:** Included in the above Road Fund
10 appropriation is \$181,000 in each fiscal year for the Energy Recovery Road Fund in
11 accordance with KRS 177.977, 177.9771, 177.978, 177.979, and 177.981.

12 **(5) Continuation of the Flex Funds and 80/20 Bridge Replacement**
13 **Programs:** The Transportation Cabinet shall continue the Flex Funds and the 80/20
14 Bridge Replacement Programs within the Rural Secondary Program.

15 **(6) County Judge/Executive Expense Allowance:** Notwithstanding KRS
16 67.722, County Judges/Executive not serving in a consolidated local government that
17 served as a County Judge/Executive prior to November 2022 shall receive an annual
18 expense allowance of \$3,000. County Judges/Executive newly elected in November 2022
19 or thereafter and those serving in counties with a consolidated local government shall not
20 receive an annual expense allowance.

21 **(7) Grant Pool:** Included in the above General Fund appropriation is
22 \$24,000,000 in fiscal year 2026-2027 for a grant pool for cities and counties. The
23 administration of these funds shall be subject to the following conditions:

24 (a) Each county shall be eligible to receive up to \$100,000 in each fiscal year;
25 however, any county containing a consolidated local government, an urban-county
26 government, or a county government whose county seat is not a unified city shall be
27 eligible to receive up to \$200,000 in each fiscal year;

1 (b) Each city that serves as a county seat, excluding Lexington and Louisville,
 2 shall be eligible to receive up to \$100,000 in each fiscal year. In the event a county seat
 3 does not apply for or exhaust its full allocation within the fiscal year, any remaining
 4 funds specifically allocated to that county seat may be made available to other
 5 incorporated cities within the same county;

6 (c) Cities and counties shall apply for a grant only for projects located on a city or
 7 county road. All grant applications shall include the project and the estimated project
 8 cost. Authorized projects shall include but are not limited to city and county road
 9 improvements, construction of new routes, sidewalk construction and repair, multimodal
 10 transportation projects, and pavement resurfacing;

11 (d) No grant shall be awarded without a dollar-for-dollar local match. Local
 12 matching funds shall be derived from sources other than the county or municipal aid
 13 funds distributed pursuant to KRS 177.320, 177.366, 177.369, 179.410 and 179.415; and

14 (e) The Department of Rural and Municipal Aid shall administer the grant pool.
 15 The Department shall submit a report to the Interim Joint Committee on Transportation
 16 by December 1 of fiscal year 2027-2028 detailing the funding amounts authorized, the
 17 status of projects, and a summary of completed works.

18 **8. VEHICLE REGULATION**

	2025-26	2026-27	2027-28
19 Restricted Funds	-0-	23,102,700	21,410,300
20 Federal Funds	-0-	4,627,100	4,627,100
21 Road Fund	5,035,600	74,555,500	70,979,900
22 TOTAL	5,035,600	102,285,300	97,017,300

24 **(1) Regional Driver Licensing Offices Level of Service Report:** The
 25 Department of Vehicle Regulation shall develop a level of service report that will provide
 26 data regarding the wait times at each regional driver licensing office and an overall
 27 statewide summary. This report shall include data of actual wait times from customers’

1 arrivals to the time they reach the transaction window, broken down by customers with
2 appointments and walk-ins by each regional driver licensing office. This report shall also
3 include the total number of customer transactions by type of service provided for each
4 regional driver licensing office and recommendations to improve business processes to
5 reduce customer wait times. This report shall be submitted to the Interim Joint Committee
6 on Transportation by September 1, 2027.

7 **(2) KINDL Debt Service Increase:** Included in the above Road Fund
8 appropriation is \$106,000 in each fiscal year to support an increase in debt service for the
9 Kentucky Information Network for Driver Licensing System (KINDL).

10 **(3) KINDL Maintenance and Support:** Included in the above Road Fund
11 appropriation is \$5,000,000 in fiscal year 2026-2027 and \$2,500,000 in fiscal year 2027-
12 2028 to support and maintain the Kentucky Information Network for Driver Licensing
13 System (KINDL).

14 **(4) KAVIS Upgrades:** Included in the above Restricted Funds appropriation is
15 \$3,600,000 in each fiscal year to support further enhancements and connectivity for the
16 Kentucky Automated Vehicle Information System (KAVIS).

17 **(5) Designated Motor Vehicle Owner:** Included in the above appropriations is
18 sufficient funding to implement and carry out the provisions of 2024 Ky. Acts ch. 45.

19 **(6) KAVIS Programming:** Included in the above appropriations is sufficient
20 funding to implement and carry out the provisions of 2024 Ky. Acts ch. 123.

21 **(7) Online Insurance Verification System:** Included in the above appropriations
22 is sufficient funding to implement and carry out the provisions of 2025 Ky. Acts ch. 39.

23 **(8) Medical Review Board Compensation:** Included in the above appropriations
24 is sufficient funding to implement and carry out the provisions of 2025 Ky. Acts ch. 72.

25 **(9) Street-Legal Special Purpose Vehicles:** Included in the above appropriations
26 is sufficient funding to implement and carry out the provisions of 2025 Ky. Acts ch. 89.

27 **(10) Additional Regional Offices:** Included in the above Road Fund appropriation

1 is \$5,035,600 in fiscal year 2025-2026, \$16,079,700 in fiscal year 2026-2027, and
 2 \$15,663,900 in fiscal year 2027-2028 to support three additional regional offices located
 3 in Barren County, Bullitt County, and Oldham County.

4 **(11) Motor Vehicle Commissioner Investigators:** Included in the above
 5 Restricted Funds appropriation is \$325,900 in each fiscal year to support three new
 6 Program Investigator II positions.

7 **(12) Vision Testing:** Included in the above Road Fund appropriation is \$125,000
 8 in fiscal year 2027-2028 to allow a vision testing program for driver's licensing renewal
 9 to be completed at public libraries. Each public library may participate in the program to
 10 provide vision testing at no cost to the public provided the library has entered into a
 11 Memorandum of Agreement with the Transportation Cabinet. The Transportation Cabinet
 12 shall be responsible for all associated costs of implementing and operating the program,
 13 which shall include but not be limited to providing the appropriate training and
 14 equipment.

15 **TOTAL - TRANSPORTATION CABINET**

	2025-26	2026-27	2027-28
17 General Fund	-0-	40,606,800	42,123,200
18 Restricted Funds	-0-	262,257,800	390,487,700
19 Federal Funds	-0-	1,328,474,000	1,337,716,100
20 Road Fund	5,035,600	1,777,021,000	1,846,843,600
21 TOTAL	5,035,600	3,408,359,600	3,617,170,600

22 **PART II**

23 **CAPITAL PROJECTS BUDGET**

24 **(1) Capital Construction Fund Appropriations and Reauthorizations:**
 25 Moneys in the Capital Construction Fund are appropriated for the following capital
 26 projects subject to the conditions and procedures in this Act. Items listed without
 27 appropriated amounts are previously authorized for which no additional amount is

1 required. These items are listed in order to continue their current authorization into the
2 2026-2028 fiscal biennium. Unless otherwise specified, reauthorized projects shall
3 conform to the original authorization enacted by the General Assembly.

4 **(2) Expiration of Existing Line-Item Capital Construction Projects:** All
5 appropriations to existing line-item capital construction and information technology
6 projects expire on June 30, 2026, unless reauthorized in this Act with the following
7 exceptions:

8 (a) A construction contract for the project shall have been awarded by June 30,
9 2026;

10 (b) Permanent financing or a short-term line of credit sufficient to cover the total
11 authorized project scope shall have been obtained in the case of projects authorized for
12 bonds, if the authorized project completes an initial draw on the line of credit within the
13 biennium immediately subsequent to the original authorization; and

14 (c) Grant or loan agreements, if applicable, shall have been finalized and properly
15 signed by all necessary parties.

16 Notwithstanding the criteria set forth in this subsection and KRS 45.229 and
17 45.770(5)(d), funds appropriated to the 2022-2024 and 2024-2026 fiscal biennia
18 maintenance pools shall not lapse and shall carry forward.

19 **(3) Bond Proceeds Investment Income:** Investment income earned from bond
20 proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage
21 rebates and penalties and excess bond proceeds upon the completion of a bond-financed
22 capital project shall be used to pay debt service according to the Internal Revenue Service
23 Code and accompanying regulations.

24 **(4) Appropriations for Projects Not Line-Itemized:** Inasmuch as the
25 identification of specific projects cannot be ascertained with absolute certainty at this
26 time, amounts are appropriated for specific purposes to projects which are not
27 individually identified in this Act in the following area: maintenance pools.

1 Notwithstanding any statute to the contrary, projects estimated to cost \$1,000,000 and
 2 over and equipment estimated to cost \$200,000 and over shall be reported to the Capital
 3 Projects and Bond Oversight Committee.

4 **A. TRANSPORTATION CABINET**

5 Budget Units	2026-27	2027-28
6 1. GENERAL ADMINISTRATION AND SUPPORT		
7 001. Maintenance Pool - 2026-2028		
8 Road Fund	4,000,000	4,000,000
9 002. Construct Ballard County Maintenance Facility and Salt Storage		
10 Reauthorization (\$3,513,000 Road Fund)		
11 003. Construct Hopkins County Maintenance and Salt Storage Facility		
12 Reauthorization (\$2,770,000 Road Fund)		
13 004. Construct Whitley County Maintenance and Salt Storage Facility		
14 Reauthorization (\$4,500,000 Road Fund)		
15 005. Construct District 2 Office and Materials Lab Reauthorization (\$2,000,000		
16 Road Fund)		
17 006. Construct Regional Salt Structures Reauthorization (\$2,000,000 Road Fund)		
18 007. Construct Hart County Maintenance and Salt Facility Reauthorization		
19 (\$3,000,000 Road Fund)		
20 008. Construct Union County Maintenance and Salt Facility Reauthorization		
21 (\$3,500,000 Road Fund)		
22 2. AVIATION		
23 001. Aircraft Major Maintenance Pool - 2026-2028		
24 Investment Income	1,200,000	1,200,000
25 3. HIGHWAYS		
26 001. Road Maintenance Parks - 2026-2028		
27 Road Fund	1,500,000	1,500,000

1	002. Increase Truck Parking Capacity		
2	Federal Funds	5,000,000	-0-
3	003. Jefferson County - Lease		
4	004. Knott County - Lease		

PART III

FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2026-2027 and fiscal year 2027-2028:

	2026-27	2027-28
A. TRANSPORTATION CABINET		
1. Aviation		
Agency Revenue Fund	2,040,400	1,596,600
(KRS 183.525(4) and (5))		
TOTAL - FUNDS TRANSFER	2,040,400	1,596,600

PART IV

TRANSPORTATION CABINET BUDGET SUMMARY

OPERATING BUDGET

	2025-26	2026-27	2027-28
General Fund	-0-	40,606,800	42,123,200
Restricted Funds	-0-	262,257,800	390,487,700
Federal Funds	-0-	1,328,474,000	1,337,716,100
Road Fund	5,035,600	1,777,021,000	1,846,843,600
SUBTOTAL	5,035,600	3,408,359,600	3,617,170,600

CAPITAL PROJECTS BUDGET

1		2025-26	2026-27	2027-28
2	Federal Funds	-0-	5,000,000	-0-
3	Road Fund	-0-	5,500,000	5,500,000
4	Investment Income	-0-	1,200,000	1,200,000
5	SUBTOTAL	-0-	11,700,000	6,700,000
6	TOTAL - TRANSPORTATION CABINET BUDGET			
7		2025-26	2026-27	2027-28
8	General Fund	-0-	40,606,800	42,123,200
9	Restricted Funds	-0-	262,257,800	390,487,700
10	Federal Funds	-0-	1,333,474,000	1,337,716,100
11	Road Fund	5,035,600	1,782,521,000	1,852,343,600
12	Investment Income	-0-	1,200,000	1,200,000
13	TOTAL FUNDS	5,035,600	3,420,059,600	3,623,870,600