

1 AN ACT relating to aviation development, making an appropriation therefor, and  
 2 declaring an emergency.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 183 IS CREATED TO  
 5 READ AS FOLLOWS:

6 *(1) The aviation development fund is hereby established in the State Treasury as a*  
 7 *trust and agency account. The fund shall consist of appropriations of the General*  
 8 *Assembly, interest from fund principal, grants, donations, and payments to the*  
 9 *fund for any lawful purpose.*

10 *(2) The fund shall be administered by the Department of Aviation.*

11 *(3) Moneys deposited in the fund shall be used, in accordance with Sections 1 to 3 of*  
 12 *this Act, to:*

13 *(a) Increase Kentuckians' access to educational opportunities within the*  
 14 *aviation and aerospace industries by supporting the expansion and*  
 15 *acquisition of facilities, equipment, simulators, and related equipment by*  
 16 *airports and aviation technical schools in connection with educational*  
 17 *institutions, flight schools, and other training programs; and*

18 *(b) Promote aviation programs throughout the Commonwealth.*

19 *(4) The department shall establish a grant program in accordance with Sections 2*  
 20 *and 3 of this Act to evaluate proposals and distribute aviation development funds.*

21 *(5) The department shall promulgate administrative regulations in accordance with*  
 22 *KRS Chapter 13A regarding procedures for providing grants pursuant to*  
 23 *Sections 2 and 3 of this Act.*

24 *(6) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of a*  
 25 *fiscal year shall not lapse but shall be carried forward to the next fiscal year to be*  
 26 *used for the purposes set forth in this section.*

27 *(7) Any interest earnings of the fund shall become part of the fund and shall not*

1 lapse.

2 (8) Any moneys in the fund are hereby appropriated for the purposes set forth in this  
 3 Sections 1 to 3 of this Act and shall not be appropriated or transferred by the  
 4 General Assembly for any other purpose.

5 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 183 IS CREATED TO  
 6 READ AS FOLLOWS:

7 (1) The department shall establish an aviation development grant program to solicit  
 8 and evaluate proposed projects and award grants to be funded with moneys from  
 9 the aviation development fund established under Section 1 of this Act.

10 (2) Of the money in the aviation development fund at the beginning of each fiscal  
 11 year, the department may:

12 (a) Award eighty percent (80%) of the funds up to the first five million dollars  
 13 (\$5,000,000), and any funds in excess of that amount, in grants to proposals  
 14 which:

15 1. Expand existing programs at educational institutions, flight schools,  
 16 and other training programs; and

17 2. Establish new programs, but only at public educational institutions;

18 (b) Use fifteen percent (15%), up to a maximum of seven hundred fifty  
 19 thousand dollars (\$750,000), to develop an innovative aircraft system  
 20 program which may include unmanned aircraft systems and electric  
 21 aircraft infrastructure development; and

22 (c) Use five percent (5%) up to a maximum of two hundred fifty thousand  
 23 dollars (\$250,000), to promote educational programs through targeted  
 24 outreach and broad-based aviation promotional initiatives.

25 (3) Grant proposals under this section shall be evaluated by the aviation development  
 26 grant review committee established under Section 3 of this Act.

27 (4) Grant proposals under this section shall be evaluated on the follow criteria:

- 1        (a) The needs of the local workforce;
- 2        (b) The financial needs of the program and proposed financial participation of
- 3            the applicant;
- 4        (c) Geographic coverage;
- 5        (d) The potential for economic development;
- 6        (e) The level of financial commitment from the educational institution or
- 7            vocational training program;
- 8        (f) The potential for expansion of innovative technologies, such as unmanned
- 9            aircraft training; and
- 10       (g) Other criteria established by the department in administrative regulations
- 11           promulgated pursuant to KRS Chapter 13A.
- 12       (5) Applications for grants under this section shall be submitted no later than
- 13           September 1 of each year and awarded no later than November 1 of the same
- 14           year.
- 15       (6) In any fiscal year that grants are awarded under this section, the department
- 16           shall submit, prior to the end of that fiscal year, a report to the Interim Joint
- 17           Committees on Transportation and Appropriations and Revenue that identifies:
- 18           (a) The amount of money available for grant awards under subsection (2)(a) of
- 19            this section;
- 20           (b) The number of grant applicants;
- 21           (c) The names of grant recipients, along with the amount of each award and a
- 22            description of the uses of grant money;
- 23           (d) Information on the current status of the projects awarded this year;
- 24           (e) Information on the status of grants awarded in previous years for which the
- 25            awards have not been expended; and
- 26           (f) Information on how the moneys identified in subsection (2)(b) and (c) of
- 27            this section were spent.

1        ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 183 IS CREATED TO  
2 READ AS FOLLOWS:

3        (1) As used in this section "committee" means the Aviation Development Grant  
4        Review Committee.

5        (2) The Aviation Development Grant Review Committee is hereby established. The  
6        committee shall evaluate grant applications and award grants in accordance with  
7        Section 2 of this Act.

8        (3) The committee shall be composed of five (5) members, as follows:

9        (a) The commissioner of the Department of Aviation, or the commissioner's  
10        designee;

11        (b) The secretary of the Education and Workforce Development Cabinet, or the  
12        secretary's designee; and

13        (c) Three (3) citizen members, appointed by the Governor, based on the  
14        following qualifications:

15        1. One (1) citizen member who is a commercially rated pilot;

16        2. One (1) citizen member who is a certificated airframe and power plant  
17        mechanic with an inspector authorization; and

18        3. One (1) citizen member who has experience in vocational education  
19        and job training.

20        (4) After the initial appointments, citizen members of the committee shall serve terms  
21        of four (4) years. Members shall be eligible to succeed themselves and shall serve  
22        until their successor is appointed.

23        (5) Members of the committee shall not be paid for their service as board members,  
24        and shall not be reimbursed for any expenses involved in attending board  
25        meetings.

26        (6) The committee shall elect a chair and a vice chair from its members who shall  
27        serve in those capacities until replaced. A majority of the board shall constitute a

quorum for the purposes of conducting business. The board shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

(7) The committee shall meet annually, when called by the chair, or at the request of the secretary of the Transportation Cabinet. The committee shall receive assistance in carrying out its administrative functions from the cabinet and shall be attached to the cabinet for administrative purposes.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 183 IS CREATED TO READ AS FOLLOWS:

(1) The Department of Aviation shall undertake a continuing study of the needs of publicly owned or operated general aviation airports in the Commonwealth for the purpose of bringing existing facilities to acceptable standards or for the replacement of existing facilities when required.

(2) The department shall develop a recommended six (6) year aviation plan that identifies the individual projects or portions thereof that are scheduled to be developed at each publicly owned or operated general aviation airport and are funded in part by the aviation economic development fund established in KRS 183.525. The recommended six (6) year aviation plan shall include a recommended biennial aviation development plan. The recommended six (6) year aviation plan and recommended biennial aviation development plan shall be submitted to the General Assembly as required by subsection (6)(f) of Section 6 of this Act. The six (6) year aviation plan shall include but shall not be limited to the following information for each project:

(a) The name of the airport;

(b) A Kentucky Department of Aviation project identification number;

(c) A description of the project and the scope of improvement;

(d) The amount of local, state, or federal funds to be used on the project;

(e) The stage of development for the design and development phase;

1 (f) The fiscal year in which each phase of the project should commence;

2 (g) The estimated cost for each phase of the project; and

3 (h) The estimated cost to complete the project.

4 (3) The department shall identify projects in the six (6) year aviation plan that may,  
 5 in accordance with this section, be advanced from later years, to maximize the  
 6 use of all funds available to the cabinet, and to plan for the historical precedent  
 7 of projects being delayed due to unforeseen circumstances. As required by  
 8 Section 6 of this Act, the Governor shall submit to the General Assembly, as part  
 9 of the proposed biennial aviation development plan, a list of projects from the last  
 10 four (4) years of the six (6) year aviation plan, not to exceed ten percent (10%) of  
 11 the recommended biennial aviation development appropriation, which can be  
 12 advanced if additional money is received and all projects included in the enacted  
 13 biennial aviation development plan have been advanced or completed to the  
 14 extent possible.

15 (4) The department shall, on a quarterly basis, transmit electronically to the General  
 16 Assembly through the Legislative Research Commission a report on all activity  
 17 relating to all projects with open activity conducted by the department during the  
 18 biennium. The data for each project shall contain activity on projects funded  
 19 through the department, including but not limited to the following:

20 (a) The Kentucky Department of Aviation project identification number;

21 (b) The airport name;

22 (c) Type of work;

23 (d) Description of the project;

24 (e) The year the project was enacted in a six (6) year aviation plan, and the  
 25 notation "A" if the project is active and the notation "I" if the project is  
 26 inactive;

27 (f) The phase code "D" for the design phase and "C" for the development

1 phase;

2 (g) The original budget estimate and fiscal year each phase is expected to begin  
3 as enacted in the six (6) year aviation plan;

4 (h) The name of the contractor, current contract amount, and the current  
5 amount earned by the contractor;

6 (i) The estimated date for completion of the project, current percentage of work  
7 completed based upon time, and the actual contract completion date;

8 (j) The department's engineer's estimate for the project; and

9 (k) Total expenditures by phase.

10 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 183 IS CREATED TO  
11 READ AS FOLLOWS:

12 (1) The Department of Aviation shall develop a statewide prioritization process for  
13 the use of funds in the aviation economic development fund established in KRS  
14 183.525. This prioritization process shall be used for the development of the  
15 recommended biennial aviation development plan and the recommended six (6)  
16 year aviation plan pursuant to Section 4 of this Act.

17 (2) The prioritization process shall be based on an objective and quantifiable  
18 analysis that considers, at a minimum, the following factors relative to the cost of  
19 the project:

20 (a) If runway-related, runway pavement conditions;

21 (b) Age and condition of other airport facilities;

22 (c) Traffic;

23 (d) Proximity to other airports;

24 (e) Potential benefits from technological upgrades; and

25 (f) Economic, educational, and workforce development potential.

26 (3) (a) The department shall weight the factors used in subsection (2) of this  
27 section for each of the proposed projects and shall attempt to gauge the

1 *potential return on the project investment.*

2 *(b) The department shall solicit input from localities, metropolitan planning*  
 3 *organizations, area development districts, and other stakeholders in its*  
 4 *development of the prioritization process pursuant to this section.*

5 ➡ Section 6. KRS 48.110 is amended to read as follows:

6 Each branch budget recommendation shall contain a complete financial plan for the  
 7 branch of government for each of the next two (2) fiscal years. Each branch budget  
 8 recommendation shall include:

9 (1) A budget message signed by:

- 10 (a) The Governor for the executive branch;
- 11 (b) The Chief Justice for the judicial branch; and
- 12 (c) The co-chairmen of the Legislative Research Commission for the legislative  
 13 branch;

14 (2) (a) Statements of income and receipts for the two (2) fiscal years last concluded,  
 15 and the estimated income and receipts, for each budget unit of the branch of  
 16 government for the current fiscal year and each of the next two (2) fiscal  
 17 years.

18 (b) The statements of income and estimated income shall be itemized by budget  
 19 unit and fund, and shall show separately receipts from:

- 20 1. Current income;
- 21 2. Refunds and reimbursements of expenditures;
- 22 3. The sale of assets; and
- 23 4. Receipts on account of the income of prior years.

24 (c) Existing sources of income and receipts shall be analyzed as to their equity,  
 25 productivity and need for revision, and any proposed new sources of income  
 26 or receipts shall be explained;

27 (3) A statement of the surplus in any account and in any special fund of the branch of



1 government. If a surplus exists in any account of the branch of government the  
 2 statement shall show the excess of all current assets over all current liabilities as of  
 3 the beginning of each of the two (2) fiscal years last concluded, and all changes in  
 4 these accounts during each of such two (2) fiscal years;

5 (4) A statement as of the close of the last completed fiscal year and as of the close of  
 6 the current fiscal year showing, for each budget unit the total funded debt, the value  
 7 of sinking fund assets, the net funded debt, the floating liabilities as of the end of  
 8 the current fiscal year, and the total debt as of the close of the last completed fiscal  
 9 year and as of the close of the current fiscal year;

10 (5) Summary and detailed comparative statements of expenditures itemized by budget  
 11 unit for each of the two (2) fiscal years last concluded and requests for  
 12 appropriations by funds or accounts, the budget of the current year, and the  
 13 recommendations for appropriations for each of the next two (2) fiscal years.  
 14 Following the lists of actual and proposed expenditures of each budget unit there  
 15 shall be a detailed explanation of the actual and proposed expenditures, to include  
 16 activities, beneficiaries and expected results of the programs or services of the  
 17 budget units;

18 (6) A draft of the proposed branch budget bill containing:

19 (a) Recommendations of the branch of government for appropriations for the next  
 20 two (2) fiscal years, and drafts of such revenue and other acts as may be  
 21 recommended for implementing the proposed financial plan;

22 (b) Recommended appropriations for extraordinary expenses and capital outlays,  
 23 which shall be itemized in the proposed branch budget bill for the branch by  
 24 budget unit. The title of each budget unit shall be worded to limit each  
 25 appropriation to the specific use or purpose intended;

26 (c) A plan for the reduction of the branch budget if there is a revenue shortfall of  
 27 five percent (5%) or less in the general fund or road fund. In recommending

1 budget reductions, the Governor, the Chief Justice, and the Legislative  
 2 Research Commission shall not recommend universal percentage reductions,  
 3 but shall weigh the needs of all budget units and shall strive to protect the  
 4 highest possible level of service in their respective branches. Services which  
 5 are not essential to constitutional functions shall be subject to reduction.  
 6 Transfer of funds may be authorized by the budget reduction plan;

- 7 (d) 1. A plan for the expenditure of a general fund or road fund surplus of up  
 8 to two and one-half percent (2.5%).
- 9 2. The plan shall include provisions for the expenditure of a surplus, and  
 10 may provide for additional moneys for nonrecurring expenditures for  
 11 which an appropriation was not made in a branch budget bill, or for a  
 12 program or service authorized by law for which an appropriation was not  
 13 made, or which was not fully funded.
- 14 3. In lieu of recommending the appropriation of funds, the plan may  
 15 instead recommend the retention of surplus funds in the surplus account  
 16 of the general fund or road fund for investment until appropriated by the  
 17 General Assembly;
- 18 (e) 1. A recommended state capital projects program and a recommended  
 19 program for the purchase of major items of equipment.
- 20 2. The recommended capital construction program shall include:
- 21 a. A complete list and summary description of each specific capital  
 22 construction project recommended for funding during the  
 23 biennium; and
- 24 b. For each project:
- 25 i. The agency and purpose for which it will be used;
- 26 ii. The justification for the project;
- 27 iii. Its estimated completion date;

- iv. The total estimated cost of completing the project;
  - v. The estimated cost of the project during the biennium;
  - vi. The recommended sources of funds for the entire project;
  - and
  - vii. The dollar amounts recommended for appropriation and the dollar amounts, listed by source, that are anticipated from every other source of funds for the biennium.
3. All information required by subparagraph 2. of this paragraph shall be included in each branch budget recommendation. Each branch budget bill shall contain only a complete list of the specific capital construction projects recommended for funding during the biennium and, for each project, the information specified in subparagraph 2.b.v., vi., and vii. of this paragraph.
  4. A report which details the effect of recommended new debt on the debt position of the Commonwealth shall be submitted at the same time the recommended capital program is submitted. Information shall be presented separately, and in total, for the general fund, road fund, and any affected restricted fund account.
  5. Information in the report shall include but not be limited to the following:
    - a. Debt service on existing appropriation-supported debt, as a percentage of anticipated total revenues;
    - b. Debt service on existing appropriation-supported debt, as a percentage of anticipated available revenues;
    - c. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of anticipated total revenues;

- 1                   d.    The sum of debt service on existing appropriation-supported debt
- 2                            and debt service on recommended new appropriation-supported
- 3                            debt, as a percentage of anticipated available revenues;
- 4                   e.    The sum of debt service on existing appropriation-supported debt
- 5                            and debt service on recommended new appropriation-supported
- 6                            debt, as a percentage of estimated state total personal income; and
- 7                   f.    The sum of existing appropriation-supported debt and
- 8                            recommended new appropriation-supported debt, as a percentage
- 9                            of estimated state total personal income.
- 10           6.    The recommended program for the purchase of major items of
- 11                   equipment submitted by the head of each branch of government shall
- 12                   include:
- 13                   a.    A complete list and summary description of each specific major
- 14                            item of equipment recommended for purchase during the
- 15                            biennium; and
- 16                   b.    For each major item of equipment:
- 17                            i.    The agency and purpose for which it will be used;
- 18                            ii.   The justification for the purchase;
- 19                            iii.   The estimated cost of the item, including ancillary expenses
- 20                                    and any expenses necessary to make the equipment
- 21                                    functional and operational;
- 22                            iv.   The recommended sources of funds; and
- 23                            v.    The dollar amounts recommended for appropriation and
- 24                                    anticipated from every other source of funds for the
- 25                                    purchase.
- 26           7.    All information required by subparagraph 5. of this paragraph shall be
- 27                   included in the executive branch budget recommendation. The branch

budget bill for the executive branch shall contain only a complete list of each specific item of major equipment recommended for purchase during the biennium and, for each item, the information specified in subparagraph 6.b.iii., iv., and v. of this paragraph;

(f) The branch budget recommendation for the Transportation Cabinet shall include the following information:

1. A separate branch budget bill;
2. A recommended biennial highway construction plan, which shall be presented as a separate bill, and which shall include a list of individual transportation projects included in the last four (4) years of the six (6) year road plan, not to exceed ten percent (10%) of the recommended biennial highway construction appropriation, which can be advanced if:
  - a. Additional funds are received; and
  - b. All projects included in the biennial highway construction plan have been advanced or completed to the extent possible;~~and~~
3. *A recommended biennial aviation development plan, which shall be presented as a separate bill, and which shall include a list of individual projects included in the last four (4) years of the six (6) year aviation plan, not to exceed ten percent (10%) of the recommended biennial aviation development appropriation, which can be advanced if:*
  - a. Additional funds are received; and*
  - b. All projects included in the biennial aviation development plan have been advanced or completed to the extent possible;*
4. The six (6) year road plan *and the six (6) year aviation plan*. The Governor shall have ten (10) working days after submission of the branch budget recommendation,~~and~~ the recommended biennial

highway construction plan, and the recommended biennial aviation development plan to submit the six (6) year road plan and the six (6) year aviation plan. The six (6) year road plan and the six (6) year aviation plan shall be submitted in a form and format cooperatively developed by the Transportation Cabinet and the General Assembly and approved by the Legislative Research Commission; and

- (g) 1. In the executive branch budget recommendation, as a separate section, an amount sufficient to meet unexpected contingencies or emergencies, including but not limited to natural or man-made disasters, civil disorders, court orders requiring or resulting in the expenditure of state funds, or other related causes.
- 2. The amount shall be based on the nature, type, and frequency of named categories of events which may, from past experience, be reasonably anticipated.
- 3. This portion of the budget recommendation shall detail similar incidents and the nature and amount of the expenditures for each during the ten (10) years immediately preceding.

The total amount of appropriations recommended from any fund shall not exceed the cash resources estimated to be available and to become available to meet expenditures under the appropriations;

(7) A certificate of the branch of government as to the accuracy of the statements of financial condition, of income and receipts, and of expenditures; and

(8) Such other information as is deemed desirable, or is required by law or regulation.

➡ Section 7. KRS 183.010 is amended to read as follows:

As used in this chapter unless the context otherwise requires:

(1) ~~"Federal Aviation Administration" shall mean that agency or board of the United States government empowered to regulate operation of aircraft; aviation facilities~~

1 ~~and persons operating and maintaining aircraft;~~

2 ~~(2) "Secretary" means the secretary of the Transportation Cabinet;~~

3 ~~(3) "Cabinet" means the Transportation Cabinet;~~

4 **(2) "Department" means the Department of Aviation;**

5 **(3) "Federal Aviation Administration" means the agency of the United States**

6 **government empowered to regulate operation of aircraft; aviation facilities; and**

7 **persons operating and maintaining aircraft; and**

8 **(4) "Secretary" means the secretary of the Transportation Cabinet**~~[, the statutory~~

9 ~~administrative department of the Commonwealth of Kentucky].~~

10 ➔Section 8. Of the three initial citizen member appointments to the Aviation  
11 Development Grant Review Committee under Section 3 of this Act:

12 (1) One member shall be designated to serve a term which expires June 30, 2024;

13 (2) One member shall be designated to serve a term which expires June 30, 2025;

14 and

15 (3) One member shall be designated to serve a term which expires June 30, 2026.

16 After the expiration of the initial appointments, each term shall be for a period of  
17 four years in accordance with Section 3 of this Act.

18 ➔Section 9. Whereas it is appropriate that establishment of a new fund in the  
19 State Treasury should coincide with the beginning of the Commonwealth's fiscal year, an  
20 emergency is declared to exist, and this Act takes effect upon its passage and approval by  
21 the Governor or upon its otherwise becoming a law.