

CHAPTER 2**(HB 2)**

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

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

→Section 1. The Transportation Cabinet Budget is as follows:

PART I**OPERATING BUDGET**

(1) **Funds Appropriations:** There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2012, and ending June 30, 2013, and for the fiscal year beginning July 1, 2013, and ending June 30, 2014, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the budget units of the Transportation Cabinet are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

A. TRANSPORTATION CABINET**Budget Units****1. GENERAL ADMINISTRATION AND SUPPORT**

	2012-13	2013-14
General Fund	500,000	500,000
Restricted Funds	19,700	19,700
Road Fund	64,930,700	67,740,400
TOTAL	65,450,400	68,260,100

(1) **Biennial Highway Construction Plan:** The Secretary of the Transportation Cabinet shall produce a single document that contains two separately identified sections, as follows:

Section 1 shall detail the enacted fiscal biennium 2012-2014 Biennial Highway Construction Program and Section 2 shall detail the 2012-2014 Highway Preconstruction Program Plan for fiscal year 2012-2013 through fiscal year 2017-2018 as identified by the 2012 General Assembly. This document shall mirror in data type and format the fiscal year 2012-2018 Recommended Six-Year Road Plan as submitted to the 2012 General Assembly. The document shall be published and distributed to members of the General Assembly and the public within 60 days of adjournment of the 2012 Regular Session of the General Assembly.

(2) **Debt Service:** Included in the above Road Fund appropriation is \$6,112,200 in fiscal year 2012-2013 and \$7,066,900 in fiscal year 2013-2014 for debt service on previously authorized bonds for the Transportation Cabinet office building and parking structure.

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

(4) **SAFE Patrol Program:** The Transportation Cabinet shall continue the SAFE Patrol Program at the current service level. The primary mission of the Cabinet's SAFE Patrol shall be motorist assistance. The SAFE Patrol shall be restricted to providing only assistance services on interstates, parkways, and other limited-access highways.

(5) **Riverport Improvement:** Included in the above General Fund appropriation is \$500,000 in each fiscal year to improve public riverports within Kentucky. Improvements shall be limited to dredging and maintenance of

access. The Secretary of the Transportation Cabinet, in conjunction with the Kentucky Water Transportation Advisory Board, shall determine how the funds are distributed.

2. AVIATION

	2012-13	2013-14
Restricted Funds	9,916,800	9,901,700
Federal Funds	1,221,700	1,011,700
Road Fund	2,501,000	2,771,100
TOTAL	13,639,500	13,684,500

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

(2) **Debt Service:** Included in the above Road Fund appropriation is \$1,677,700 in fiscal year 2012-2013 and \$1,904,800 in fiscal year 2013-2014 for debt service on previously authorized bonds. Notwithstanding KRS 183.525, \$996,700 in fiscal year 2012-2013 and \$996,800 in fiscal year 2013-2014 is transferred to the Road Fund from the Kentucky Aviation Economic Development Fund to support debt service on those bonds.

3. DEBT SERVICE

	2012-13	2013-14
Road Fund	150,965,300	168,161,600

(1) **Economic Development Road Lease-Rental Payments:** Included in the above Road Fund appropriation is \$150,715,300 in fiscal year 2012-2013 and \$167,911,600 in fiscal year 2013-2014 for Economic Development Road lease-rental payments relating to projects financed by Economic Development Road Revenue Bonds previously authorized by the General Assembly and issued by the Kentucky Turnpike Authority.

(2) **Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505, no portion of the revenues to the state Road Fund provided by the adjustments in KRS 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment Acceleration Fund account during the 2012-2014 fiscal biennium.

(3) **Excess Lease-Rental Payments:** Any moneys not required to meet lease-rental payments or to meet the administrative costs of the Kentucky Turnpike Authority shall be transferred to the State Construction Account.

4. HIGHWAYS

	2012-13	2013-14
Restricted Funds	304,119,500	304,490,500
Federal Funds	568,697,600	570,069,000
Road Fund	817,710,100	791,578,000
TOTAL	1,690,527,200	1,666,137,500

(1) **Debt Service:** Included in the above Federal Funds appropriation is \$79,687,100 in fiscal year 2012-2013 and \$106,711,500 in fiscal year 2013-2014 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously appropriated by the General Assembly.

(2) **State Supported Construction Program:** Included in the above Road Fund appropriation is \$406,454,700 in fiscal year 2012-2013 and \$377,562,000 in fiscal year 2013-2014 for the State Supported Construction Program.

(3) **Biennial Highway Construction Program:** Included in the State Supported Construction Program is \$278,454,700 in fiscal year 2012-2013 and \$249,562,000 in fiscal year 2013-2014 from the Road Fund for state construction projects in the fiscal biennium 2012-2014 Biennial Highway Construction Program.

(4) **Highway Construction Contingency Account:** Included in the State Supported Construction Program is \$31,000,000 in each fiscal year for the Highway Construction Contingency Account. Included in the Highway Construction Contingency Account is \$5,000,000 in each fiscal year to support the Kentucky Pride Fund created in KRS 224.43-505. Also included in the Highway Construction Contingency Account is \$1,600,000 in each fiscal year for at-grade railroad crossing reconstruction and railroad crossing safety equipment improvements. The Cabinet may

institute a program to require matching funds from private sources to be utilized for at-grade railroad crossing reconstruction and railroad crossing safety equipment improvements.

(5) 2012-2014 Biennial Highway Construction Plan: Projects in the enacted 2010-2012 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2012-2014 fiscal biennium.

(6) Kentucky Transportation Center: Notwithstanding KRS 177.320(4), included in the above Road Fund appropriation is \$290,000 in each fiscal year for the Kentucky Transportation Center.

(7) New Highway Equipment Purchases: Notwithstanding KRS 48.710(3), included in the above Restricted Funds appropriation is \$1,500,000 in each fiscal year from the sale of surplus equipment to purchase new highway equipment.

(8) State Match Provisions: The Transportation Cabinet is authorized to utilize state construction moneys or Toll Credits to match federal highway moneys.

(9) Federal Aid Highway Funds: If additional federal highway moneys are made available to Kentucky by the United States Congress, the funds shall be used according to the following priority: (a) Any demonstration-specific or project-specific money shall be used on the project identified; and (b) All other funds shall be used to ensure that projects in the fiscal biennium 2012-2014 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from the Highway Preconstruction Program.

(10) Road Fund Cash Management: The Secretary of the Transportation Cabinet may continue the Cash Management Plan to address the policy of the General Assembly to expeditiously initiate and complete projects in the fiscal biennium 2012-2014 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial Highway Construction Plan by employing management techniques that maximize the Cabinet's ability to contract for and effectively administer the project work. Under the approved Cash Management Plan, the Secretary shall continuously ensure that the unspent project and Road Fund balances available to the Transportation Cabinet are sufficient to meet expenditures consistent with appropriations provided.

(11) Carry Forward of Appropriation Balances: Notwithstanding KRS 45.229, unexpended Road Fund appropriations in the Highways budget unit for the Construction program, the Maintenance program, and the Research program in fiscal year 2011-2012 and in fiscal year 2012-2013 shall not lapse but shall carry forward. Unexpended Federal Funds and Restricted Funds appropriations in the Highways budget unit for the Construction program, the Maintenance program, the Equipment Services program, and the Research program in fiscal year 2011-2012 and in fiscal year 2012-2013, up to the amount of ending cash balances and unissued Highway Bond Funds and grant balances shall not lapse but shall carry forward.

(12) Louisville-Southern Indiana Ohio River Bridges Demonstration Project: Notwithstanding any conflicting provisions of KRS Chapters 45A, 176, and 177, the Transportation Cabinet is authorized to utilize design/build procurement methods for the Louisville-Southern Indiana Ohio River Bridges Project. For procurement purposes, the Transportation Cabinet shall utilize a qualifications-based bidding process within the context of the provisions of KRS Chapter 176. The Secretary of the Transportation Cabinet shall determine the nature and scope of the design/build project.

(13) Federally Supported Construction Program: Included in the above Federal Funds appropriation is \$547,761,600 in fiscal year 2012-2013 and \$548,652,900 in fiscal year 2013-2014 for federal construction projects.

(14) State Resurfacing Program: Included in the State Supported Construction Program is \$97,000,000 in each fiscal year from the Road Fund for the State Resurfacing Program.

(15) Highways Maintenance: Included in the above Highways Road Fund appropriation is \$323,212,500 in fiscal year 2012-2013 and \$323,212,500 in fiscal year 2013-2014 for Highways Maintenance. Highways Maintenance positions may be filled to the extent the above funding level and the Highways Maintenance continuing appropriation are sufficient to support those positions.

(16) LSIORB Bi-State Authority Financial Plan: Pursuant to the provisions of KRS 175B.020(2) and (4), the Kentucky Public Transportation Infrastructure Authority created in KRS 175B.015 is authorized to act as the developing and issuing authority as described in KRS 175B.025, as necessary to facilitate the completion, operation, and maintenance of the Louisville-Southern Indiana Ohio River Bridges Project, and as outlined in the financial plan adopted by the Louisville and Southern Indiana Bridges Authority on March 5, 2012, pursuant to KRS 175B.030(6), and presented to the General Assembly on March 6, 2012.

The General Assembly recognizes that the Bridges Authority has completed the tasks and duties assigned to it by KRS 175B.030, by adopting a financial plan and submitting that plan to the Kentucky Public Transportation Infrastructure Authority and the General Assembly.

The General Assembly recognizes that the Louisville-Southern Indiana Ohio River Bridges Project financial plan, as submitted and approved by the Kentucky Public Transportation Infrastructure Authority, recommends a commitment of funding from the Transportation Cabinet for six years. The General Assembly hereby acknowledges that two years of funding is committed, and four years of proposed funding is recommended, consistent with the General Assembly's method of funding of the six-year road plan (KRS 176.430).

(17) Brent Spence Bridge Initial Financial Plan: The Kentucky Transportation Cabinet, in conjunction with the Ohio Department of Transportation, shall jointly develop and submit an initial financial plan for the Brent Spence Bridge Project to the Federal Highway Administration by December 31, 2013. The Kentucky Transportation Cabinet shall not authorize any additional funds on the Brent Spence Bridge Project after December, 31, 2013, until the Federal Highway Administration approves an initial financing plan for the project.

5. JUDGMENTS

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

6. PUBLIC TRANSPORTATION

	2012-13	2013-14
General Fund	5,178,200	5,178,200
Restricted Funds	440,000	440,000
Federal Funds	32,682,900	32,860,000
TOTAL	38,301,100	38,478,200

(1) Toll Credits: The Transportation Cabinet is authorized to maximize to the extent necessary the use of Toll Credits to match Federal Funds for transit systems capital grants.

(2) Nonpublic School Transportation: Included in the above General Fund appropriation is \$2,950,000 in each fiscal year for nonpublic school transportation.

7. REVENUE SHARING

	2012-13	2013-14
Road Fund	380,661,800	405,482,300

(1) County Road Aid Program: Included in the above Road Fund appropriation is \$143,900,700 in fiscal year 2012-2013 and \$153,320,600 in fiscal year 2013-2014 for the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by \$38,000 in each fiscal year, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(2) Rural Secondary Program: Included in the above Road Fund appropriation is \$174,568,100 in fiscal year 2012-2013 and \$185,995,600 in fiscal year 2013-2014 for the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340, 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been reduced by \$46,000 in each fiscal year, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(3) Municipal Road Aid Program: Included in the above Road Fund appropriation is \$60,548,400 in fiscal year 2012-2013 and \$64,511,900 in fiscal year 2013-2014 for the Municipal Road Aid Program in accordance with KRS 177.365, 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been reduced by \$16,000 in each fiscal year, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(4) Energy Recovery Road Fund: Included in the above Road Fund appropriation is \$903,000 in each fiscal year for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771, 177.9772, 177.978, 177.979, and 177.981.

8. VEHICLE REGULATION

	2012-13	2013-14
Restricted Funds	11,804,500	11,687,300
Federal Funds	2,730,000	2,730,000
Road Fund	24,554,800	25,762,700
TOTAL	39,089,300	40,180,000

(1) **Debt Service:** Included in the above Road Fund appropriation is \$3,143,900 in fiscal year 2012-2013 and \$3,145,500 in fiscal year 2013-2014 for debt service on previously issued bonds. Included in the above Road Fund appropriation is \$819,500 in fiscal year 2012-2013 and \$1,639,000 in fiscal year 2013-2014 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **County Clerk Information Technology Improvements:** In the event that actual costs for technology improvements related to the collection and administration of Road Fund taxes in county clerks' offices exceed the funds in the agency trust fund established pursuant to KRS 186.040(6)(b) for fiscal year 2012-2013 and fiscal year 2013-2014, the costs shall be deemed necessary government expenses and may be paid from the Road Fund Surplus Account (KRS 48.710), up to the amount contained in each fiscal year in Part III, A., 5. of this Act, subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue.

TOTAL - TRANSPORTATION CABINET

	2012-13	2013-14
General Fund	5,678,200	5,678,200
Restricted Funds	326,300,500	326,539,200
Federal Funds	605,332,200	606,670,700
Road Fund	1,441,323,700	1,461,496,100
TOTAL	2,378,634,600	2,400,384,200

PART II

CAPITAL PROJECTS BUDGET

(1) **Capital Construction Fund Appropriations and Reauthorizations:** Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2012-2014 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) **Expiration of Existing Line-Item Capital Construction Projects:** All appropriations to existing line-item capital construction projects expire on June 30, 2012, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2012; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, if the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2010-2012 fiscal biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

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

A. TRANSPORTATION CABINET

Budget Units	2012-13	2013-14
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1. GENERAL ADMINISTRATION AND SUPPORT

001. Building/Site Renovations and Emergency Repairs - 2012-2014

ACTS OF THE GENERAL ASSEMBLY

	Road Fund	1,405,000	1,460,000
002.	Construct Ballard County Maintenance Facility and Salt Storage Structure		
	Road Fund	270,000	1,170,000
003.	Construct Harrison County Maintenance Facility and Salt Storage Structure		
	Road Fund	270,000	1,170,000
004.	Construct Henderson County Maintenance Facility and Salt Storage Structure		
	Road Fund	270,000	1,170,000
005.	Construct Knott County Maintenance Facility and Salt Storage Structure		
	Road Fund	270,000	1,170,000
006.	Construct Menifee County Maintenance Facility and Salt Storage Structure		
	Road Fund	270,000	1,170,000
007.	Construct Muhlenberg County Maintenance Facility and Salt Storage Structure		
	Road Fund	270,000	1,170,000
008.	Construct Nicholas County Maintenance Facility and Salt Storage Structure		
	Road Fund	270,000	1,170,000
009.	Salt Structure Facility and Ancillary Building Maintenance and Repairs - 2012-2014		
	Road Fund	640,000	665,000
010.	Replace Overhead Doors and Emergency Repairs - 2012-2014		
	Road Fund	350,000	365,000
011.	Water and Wastewater - 2012-2014		
	Road Fund	280,000	292,000
012.	Construct Crittenden County Maintenance Facility and Salt Storage Structure Reauthorization (\$1,340,000 Road Fund)		
013.	Construct Larue County Maintenance Facility and Salt Storage Structure Reauthorization (\$1,340,000 Road Fund)		
014.	Purchase PONTIS Upgrade Reauthorization (\$600,000 Road Fund)		
015.	Purchase TRNS*PORT Upgrade Reauthorization (\$3,000,000 Road Fund)		
2.	AVIATION		
001.	Aircraft Major Maintenance Pool - 2012-2014		
	Investment Income	500,000	500,000

002.	Lake Barkley State Resort Park Airport Runway Asphalt Crack Repair		
	Restricted Funds	50,000	-0-
	Federal Funds	950,000	-0-
	TOTAL	1,000,000	-0-
3.	HIGHWAYS		
001.	Road Maintenance Parks - 2012-2014		
	Road Fund	1,500,000	1,500,000
002.	Repair Loadometer and Rest Areas - 2012-2014		
	Road Fund	750,000	750,000
003.	Various Environmental Compliance - 2012-2014		
	Road Fund	670,000	625,000
004.	Laser Crack Measurement System		
	Federal Funds	480,000	-0-
	Road Fund	120,000	-0-
	TOTAL	600,000	-0-
005.	Video-Logging Roadway Feature System		
	Federal Funds	480,000	-0-
	Road Fund	120,000	-0-
	TOTAL	600,000	-0-
006.	Light Detection and Ranging Equipment for Video-Logging Vans		
	Federal Funds	320,000	-0-
	Road Fund	80,000	-0-
	TOTAL	400,000	-0-
4.	VEHICLE REGULATION		
001.	Replace Kentucky Driver Licensing System		
	Bond Funds	12,500,000	-0-
002.	Flat Digitized License Plates		
	Road Fund	-0-	1,250,000

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 2012-2013 and fiscal year 2013-2014:

	2012-13	2013-14
A. TRANSPORTATION CABINET		
1. Aviation		
Agency Revenue Fund	468,000	468,000
(KRS 183.525(4) and (5))		
2. Aviation		

Agency Revenue Fund (KRS 183.525(4) and (5))	7,000,000	2,000,000
3. Vehicle Regulation		
Agency Revenue Fund (KRS 186.040(6)(a))	5,500,000	4,100,000
4. Vehicle Regulation		
Agency Revenue Fund (KRS 190.058(10))	-0-	100,000
5. Vehicle Regulation		
Agency Revenue Fund (KRS 186.040(6)(b))	3,500,000	3,500,000
TOTAL - FUNDS TRANSFER	16,468,000	10,168,000

PART IV**TRANSPORTATION CABINET BUDGET SUMMARY****OPERATING BUDGET**

	2011-12	2012-13	2013-14
General Fund	-0-	5,678,200	5,678,200
Restricted Funds	-0-	326,300,500	326,539,200
Federal Funds	-0-	605,332,200	606,670,700
Road Fund	-0-	1,441,323,700	1,461,496,100
SUBTOTAL	-0-	2,378,634,600	2,400,384,200

CAPITAL PROJECTS BUDGET

	2011-12	2012-13	2013-14
Restricted Funds	-0-	50,000	-0-
Federal Funds	-0-	2,230,000	-0-
Road Fund	-0-	7,805,000	15,097,000
Bond Funds	-0-	12,500,000	-0-
Investment Income	-0-	500,000	500,000
SUBTOTAL	-0-	23,085,000	15,597,000

TOTAL - TRANSPORTATION CABINET BUDGET

	2011-12	2012-13	2013-14
General Fund	-0-	5,678,200	5,678,200
Restricted Funds	-0-	326,350,500	326,539,200
Federal Funds	-0-	607,562,200	606,670,700
Road Fund	-0-	1,449,128,700	1,476,593,100
Bond Funds	-0-	12,500,000	-0-
Investment Income	-0-	500,000	500,000
TOTAL FUNDS	-0-	2,401,719,600	2,415,981,200

Signed by Governor May 2, 2012.

