

CHAPTER 208**(HB 201)**

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, 2017, and ending June 30, 2018, for the fiscal year beginning July 1, 2018, and ending June 30, 2019, and for the fiscal year beginning July 1, 2019, and ending June 30, 2020, 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**

	2018-19	2019-20
General Fund	500,000	500,000
Restricted Funds	2,336,300	2,353,900
Road Fund	80,814,900	81,193,100
TOTAL	83,651,200	84,047,000

(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 2018-2020 Biennial Highway Construction Program and Section 2 shall detail the 2018-2020 Highway Preconstruction Program Plan for fiscal year 2018-2019 through fiscal year 2023-2024 as identified by the 2018 General Assembly. This document shall mirror in data type and format the fiscal year 2018-2024 Recommended Six Year Road Plan as submitted to the 2018 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 2018 Regular Session of the General Assembly.~~

(2) **Debt Service:** Included in the above Road Fund appropriation is \$7,107,800 in fiscal year 2018-2019 and \$7,112,200 in fiscal year 2019-2020 for debt service on previously authorized bonds.

(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 Improvements:** 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

	2018-19	2019-20
Restricted Funds	9,763,400	9,615,100
Federal Funds	213,700	213,700
Road Fund	2,779,600	2,789,000
TOTAL	12,756,700	12,617,800

(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 \$1,830,600 in fiscal year 2018-2019 and \$1,829,800 in fiscal year 2019-2020 for debt service on previously authorized bonds. Notwithstanding KRS 183.525, \$1,830,600 in fiscal year 2018-2019 and \$1,829,800 in fiscal year 2019-2020 is transferred to the Road Fund from the Kentucky Aviation Economic Development Fund to support debt service on those bonds.

3. DEBT SERVICE

	2018-19	2019-20
Road Fund	160,014,400	150,097,400

(1) **Economic Development Road Lease-Rental Payments:** Included in the above Road Fund appropriation is \$159,964,400 in fiscal year 2018-2019 and \$150,047,400 in fiscal year 2019-2020 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 2018-2020 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

	2018-19	2019-20
Restricted Funds	113,329,900	113,199,900
Federal Funds	734,670,300	735,446,300
Road Fund	806,608,700	796,751,000
TOTAL	1,654,608,900	1,645,397,200

(1) **Debt Service:** Included in the above Federal Funds appropriation is \$95,240,600 in fiscal year 2018-2019 and \$95,141,400 in fiscal year 2019-2020 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 \$340,067,000 in fiscal year 2018-2019 and \$282,995,500 in fiscal year 2019-2020 for the State Supported Construction Program.

(3) **Biennial Highway Construction Program:** Included in the State Supported Construction Program is \$309,067,000 in fiscal year 2018-2019 and \$251,995,500 in fiscal year 2019-2020 from the Road Fund for state construction projects in the fiscal biennium 2018-2020 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. ~~Notwithstanding KRS 224.43-505(2)(d), 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.]~~ Notwithstanding KRS 45.247 and 177.320(4), included in the Highway Construction Contingency Account is \$290,000 in each fiscal year for the Kentucky Transportation Center. ~~Also included in the Highway Construction Contingency Account for Shortline Railroads is \$1,600,000 in each fiscal~~

~~year for public safety and service improvements which shall not be expended unless matched with non state funds equaling at least 20 percent of the total amount for any individual project.]~~

(5) 2016-2018 Biennial Highway Construction Plan: Projects in the enacted 2016-2018 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2018-2020 fiscal biennium. If projects in previously enacted highway construction plans conflict with the 2018-2020 Biennial Highway Construction Plan, the projects in the 2018-2020 Biennial Highway Construction Plan shall control. The Secretary shall make every effort to maintain highway program delivery by adhering to the timeframes included in the 2018-2020 Biennial Highway Construction Plan for those projects.

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

(7) 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 moneys shall be used on the project identified; and (b) All other funds shall be used to ensure that projects in the fiscal biennium 2018-2020 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.

(8) 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 2018-2020 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. The Transportation Cabinet shall provide quarterly reports to the Interim Joint Committee on Appropriations and Revenue when the General Assembly is not in session and the Standing Committees on Appropriations and Revenue when the General Assembly is in session beginning July 1, 2018.

(9) 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 2017-2018 and in fiscal year 2018-2019 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 2017-2018 and in fiscal year 2018-2019, up to the amount of ending cash balances and unissued Highway and GARVEE Bond Funds, to include any interest income earned on those bond funds, and grant balances shall not lapse but shall carry forward.

(10) Federally Supported Construction Program: Included in the above Federal Funds appropriation is \$617,801,000 in fiscal year 2018-2019 and \$618,833,700 in fiscal year 2019-2020 for federal construction projects.

(11) Highways Maintenance: Included in the above Highways Road Fund appropriation is \$377,068,100 in fiscal year 2018-2019 and \$371,374,100 in fiscal year 2019-2020 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.

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

- ~~(a) The county name;~~
- ~~(b) The Transportation Cabinet project identification number;~~
- ~~(c) The route where the project is located;~~
- ~~(d) The length of the project;~~
- ~~(e) A description of the project and the scope of improvement;~~
- ~~(f) The type of local, state, or federal funds to be used on the project;~~
- ~~(g) The stage of development for the design, right of way, utility, and construction phases;~~

- (h) ~~The fiscal year in which each phase of the project was scheduled to commence;~~
 (i) ~~The estimated cost for each phase of the project;~~
 (j) ~~A detailed description of the circumstances leading to the delay; and~~
 (k) ~~The same information required in paragraphs (a) to (i) of this subsection for the project or projects advanced with funds initially scheduled for the delayed 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

	2018-19	2019-20
General Fund	5,589,000	5,589,000
Restricted Funds	775,400	861,900
Federal Funds	25,781,600	25,768,300
TOTAL	32,146,000	32,219,200

(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 ~~13,500,000 in~~ each fiscal year for nonpublic school transportation.

7. REVENUE SHARING

	2018-19	2019-20
Road Fund	336,345,200	337,318,200

(1) **County Road Aid Program:** Included in the above Road Fund appropriation is \$127,056,900 in fiscal year 2018-2019 and \$127,422,900 in fiscal year 2019-2020 for the County Road Aid Program in accordance with KRS 177.320(1) to (3), 179.410, 179.415, and 179.440. Notwithstanding KRS 177.320(4), no County Road Aid funds are 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 \$154,134,600 in fiscal year 2018-2019 and \$154,578,600 in fiscal year 2019-2020 for the Rural Secondary Program in accordance with KRS 177.320(1) to (3) and 177.330 to 177.360. Notwithstanding KRS 177.320(4), no Rural Secondary funds are 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 \$53,461,100 in fiscal year 2018-2019 and \$53,615,100 in fiscal year 2019-2020 for the Municipal Road Aid Program in accordance with KRS 177.365, 177.366, and 177.369. Notwithstanding KRS 177.320(4), no Municipal Road Aid funds are 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 \$320,000 in fiscal year 2018-2019 and \$320,000 in fiscal year 2019-2020 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771, 177.9772, 177.978, 177.979, and 177.981.

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

(6) **County Judge/Executive Expense Allowance:** Notwithstanding KRS 67.722, each County Judge/Executive not serving in a consolidated local government shall receive an annual expense allowance of \$2,400 during the 2018-2020 fiscal biennium. Payment shall be made quarterly from the Rural Secondary Program.

8. VEHICLE REGULATION

	2018-19	2019-20
Restricted Funds	15,346,800	15,435,200
Federal Funds	4,634,500	4,637,700

Road Fund	30,364,200	27,323,400
TOTAL	50,345,500	47,396,300

(1) **Debt Service:** Included in the above Road Fund appropriation is \$4,748,800 in fiscal year 2018-2019 and \$1,604,000 in fiscal year 2019-2020 for debt service on previously authorized bonds.

TOTAL - TRANSPORTATION CABINET

	2018-19	2019-20
General Fund	6,089,000	6,089,000
Restricted Funds	141,551,800	141,466,000
Federal Funds	765,300,100	766,066,000
Road Fund	1,416,927,000	1,395,472,100
TOTAL	2,329,867,900	2,309,093,100

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 2018-2020 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, 2018, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2018; (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 2016-2018 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.

(4) **Expiring Debt:** The following amount of previously authorized Bond Funds shall expire upon passage of this Act: Grant Anticipation Revenue Vehicle (GARVEE) Bonds for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project (\$59,500,000) as set forth in 2010 (1st Extra. Sess.) Ky. Acts ch. 3, Part I, A., 4., (18).

(5) **Appropriations for Projects Not Line-Itemized:** Inasmuch as the identification of specific projects cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following area: Aircraft Maintenance Pool. Any projects estimated to cost over \$1,000,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee.

A. TRANSPORTATION CABINET

Budget Units	2018-19	2019-20
1. GENERAL ADMINISTRATION AND SUPPORT		
001. Maintenance Pool - 2018-2020		
Road Fund	2,950,000	2,950,000
002. Construct Crittenden County Maintenance Facility and Salt Storage		
Road Fund	1,850,000	-0-

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003. Construct Hopkins County Maintenance Facility and Salt Storage
Road Fund 1,800,000 -0-

004. Construct Knott County Maintenance Facility and Salt Storage -
Additional Reauthorization (\$1,440,000)
Road Fund 750,000 -0-

005. Construct Ballard County Maintenance Facility and Salt Storage -
Reauthorization (\$1,584,000 Road Fund)

006. Construct Clay County District Office - Reauthorization and Reallocation (\$7,445,000 Road Fund)

(1) **Reauthorization and Reallocation:** The above project is authorized from a reallocation of 2016 Ky. Acts ch. 148, Part II, A., 1., 003..

2. AVIATION

001. Aircraft Maintenance Pool - 2018-2020 -

Investment Income 700,000 700,000

002. Kentucky Aviation Economic Development Fund Reauthorization and Reallocation (\$18,750,000 Bond Funds)

(1) **Reauthorization and Reallocation:** The above project is authorized from a partial reallocation of projects set forth in 2014 Ky. Acts ch. 117, Pt. II, B., 1. and 2016 Ky. Acts ch. 149, Pt. II, B., 1. to support the development, rehabilitation, and maintenance of publicly owned or operated aviation facilities.

3. HIGHWAYS

001. Repair Loadometer and Rest Areas - 2018-2020

Road Fund 1,500,000 1,500,000

002. Road Maintenance Parks - 2018-2020

Road Fund 1,250,000 1,250,000

003. Various Environmental Compliance - 2018-2020

Road Fund 490,000 440,000

004. Jefferson 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 2018-2019 and fiscal year 2019-2020:

	2018-19	2019-20
A. TRANSPORTATION CABINET		
1. Aviation		
Agency Revenue Fund (KRS 183.525(4) and (5))	426,100	424,000
2. Vehicle Regulation		
Agency Revenue Fund (KRS 186.040(6)(a))	4,644,800	4,000,000
3. Vehicle Regulation		
Agency Revenue Fund	-0-	2,000,000

(KRS 186.040(6)(b))

4. Vehicle Regulation

Agency Revenue Fund	2,300,000	-0-
(KRS 186.240(3))		
TOTAL - FUNDS TRANSFER	7,370,900	6,424,000

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

	2018-19	2019-20
General Fund	6,089,000	6,089,000
Restricted Funds	141,551,800	141,466,000
Federal Funds	765,300,100	766,066,000
Road Fund	1,416,927,000	1,395,472,100
SUBTOTAL	2,329,867,900	2,309,093,100

CAPITAL PROJECTS BUDGET

	2018-19	2019-20
Road Fund	10,590,000	6,140,000
Investment Income	700,000	700,000
SUBTOTAL	11,290,000	6,840,000

TOTAL - TRANSPORTATION CABINET BUDGET

	2018-19	2019-20
General Fund	6,089,000	6,089,000
Restricted Funds	141,551,800	141,466,000
Federal Funds	765,300,100	766,066,000
Road Fund	1,427,517,000	1,401,612,100
Investment Income	700,000	700,000
TOTAL FUNDS	2,341,157,900	2,315,933,100

Vetoed in part April 26, 2018. Vetoed portions are indicated with brackets and strike-throughs. Portions not vetoed became law April 26, 2018.