

BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

Minutes of the Fifth Meeting of the 2023 Interim

October 18, 2023

Call to Order and Roll Call

The fifth meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on October 18, 2023, at 10:30 AM in Room 131 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon Co-Chair; Representative Ken Upchurch Co-Chair; Senators Amanda Mays Bledsoe, Johnnie Turner, and David Yates; Representatives John Blanton, Josh Branscum, Thomas Huff, Shawn McPherson, Tom Smith, and Ashley Tackett Laferty.

Guests: Cynthia S. Kelley, President and Chief Executive Officer, Madisonville Community College; Todd Smith, Director of Aviation, Madisonville Community College; Ray Gillaspie, Chief Financial Officer, Madisonville Community College; Jennifer Kirshner, Executive Director, Kentuckians for Better Transportation (KBT); Emily Herron, Airport Manager, Madisonville Regional Airport; Eric Frankl, Executive Director, Lexington Bluegrass Airport; Richard Dobson, Executive Director, Office of Sales and Excise Taxes, Department of Revenue; and, Kim Hensley, Division Director, Office of Sales and Excise Taxes, Department of Revenue.

LRC Staff: Justin Perry, Savannah Wiley, and Spring Emerson.

Approval of Minutes

Representative McPherson moved to approve the minutes of the September 20, 2023 meeting. The motion was seconded by Co-Chair Higdon, and the minutes were approved without objection.

Madisonville Community College

Ms. Kelley, Mr. Smith, and Mr. Gillaspie provided information regarding the Fixed Wing and Helicopter Training Programs being offered at Madisonville Community College.

In response to a question from Chair Upchurch regarding the success rate of graduates entering the workforce, Ms. Kelley said the first two-year program students will graduate in the upcoming spring. One of the first-year students worked a summer in Oregon spraying trees and found it to be a successful venture. Mr. Smith said some of the students are military veterans who wish to transition from fixed wing to helicopter training, or vice versa. Some are there to become flight instructors.

In response to a question from Representative McPherson regarding the return on investment back to the community, Ms. Kelley said their presence in Madisonville during the two-year program adds to the local economy. The program is also attractive to other companies, as well as for private industries and agriculture piloting opportunities.

In response to a question from Co-Chair Higdon regarding tuition rates for out-of-state students, Ms. Kelley said tuition fees are approximately \$3,000 per semester for in-state students, and for those residents of states that Kentucky has agreements with. Mr. Gillaspie said the fee for out-of-state students that do not have state agreements will pay approximately 1.5 times more than the in-state rate.

In response to a question from Co-Chair Higdon regarding the cost of flight hours regardless of a student's residency status, Ms. Kelley replied the fee is \$281 per flight hour for fixed wing, and \$531 per flight hour for rotor training.

Representative Smith commented that looking into federal grants for agriculture may be a good idea, as a matching amount to a federal grant would be less than paying the full amount outright. Another idea would be a diesel mechanics school, as there is a demand for those jobs.

In response to a question from Representative Blanton regarding a maintenance training program, Ms. Kelley said the plan is to implement one, and they are awaiting approval from the Federal Aviation Administration (FAA). She agreed there is a huge need for aviation mechanics.

Senator Yates commented that there would be an economic impact on the investment and stated that a Public-Private Partnership (P3) would be one good option.

Commercial Service and General Aviation Airports

Ms. Kirchner, Ms. Herron, and Mr. Frankl provided an overview of the budgetary needs of commercial service and general aviation airports.

In response to a question from Senator Mays Bledsoe regarding the request for \$7.95 million per year of the biennium, Mr. Frankl said only a portion of that request would be used for matching funds. Paducah and Owensboro have significant needs.

In response to a question from Chair Upchurch regarding the use of Virtower, Ms. Herron said the Madisonville Regional Airport had been utilizing the operations tracking system since late May. Its use led to the recognition of additional traffic not being captured manually.

Department of Revenue

Mr. Dobson and Ms. Hensley provided information on Electric Vehicle Charging Fees and Collections within the Department of Revenue.

In response to questions from Senator Yates, Mr. Dobson said there are a wide range of installation costs for meters. Local governments would be required to pay the excise tax. No revenue estimate is available.

In response to questions from Senator Turner, Mr. Dobson said the excise tax would not replace the motor fuels tax, but would be supplementary. Private customers would not be required to pay the tax. The language in the statute is clear.

Co-Chair Higdon commented that there is much work to be done on this. Buyers of electric vehicles are required to pay an annual fee to equal approximately the amount to what would have been received in motor fuels tax. The current statute is a starting point, and there will be more discussion as time goes on.

Adjournment

The next meeting is scheduled for November 2, 2023 at 10:30 AM in Room 131 of the Capitol Annex. There being no further business before the subcommittee, the meeting was adjourned at 11:55 AM.