

# **MILEAGE BASED TRANSPORTATION FUNDING TASK FORCE**

## **Minutes of the 4th Meeting of the 2019 Interim**

**November 18, 2019**

### **Call to Order and Roll Call**

The 4th meeting of the Mileage Based Transportation Funding Task Force was held on Monday, November 18, 2019, at 1:30 PM, in Room 149 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll. The minutes from the Committee's September 30, 2019 meeting were approved.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Ken Upchurch, Co-Chair; Senator Albert Robinson; Representatives Terri Branham Clark and Sal Santoro; Jim Oliver, and Jason Siwula.

Guests:

LRC Staff: John Snyder, Brandon White, Dana Fugazzi, and Christina Williams

### **Informational Item**

John Snyder, Transportation, Committee Staff Administrator, Legislative Research Commission, summarized a memorandum from the LRC Economist's Office in response to questions from a Task Force member regarding the extent inflation has affected transportation funding, and the impact of fuel efficiency on taxable gallons sold and fuel tax receipts.

The memo stated that while the National Highway Cost Construction Index increased 94.7% from 2003 to 2019, Kentucky's Road Fund receipts increased by only 39.4%. In order for the 2019 Road Fund to have the same purchasing power as in 2003, it would need to have an additional \$620 million. As for the effect of fuel efficiency, if the fuel efficiency of all motor vehicles was the same in 2019 as in 1996, Kentucky fuel tax receipts would be \$54.9 million higher (7.1%), based on the current 24.6 CPG rate.

### **Review and Approval of Draft Memo of Task Force Findings**

Chairman Higdon directed the members to the draft memo summarizing the Task Force's findings and recommendations. He stated that he does not believe Kentucky is headed towards a true mileage based system. As evident in Oregon and Utah, a mileage based system requires a third party administrator. Chairman Higdon observed that with expenses over 40% of revenue in other states, the third party administrator seems to be

benefiting the most from the mileage based system, therefore the findings suggest a mileage based system would not be beneficial to Kentucky. He added there is no need for Kentucky to be on the forefront of a mileage based transportation funding system. Creating a road usage charge system (RUC) is beyond the current capability of Kentucky. Chairman Higdon also added the use of GPS tracking to enable this system to work is not looked upon favorably. Therefore, it is not the Task Force's recommendation that Kentucky follow a mileage based transportation funding system currently. Chairman Higdon identified the one recommendation in the draft memo, that the General Assembly explore an electric vehicle fee at the time of registration, and upon annual renewal to ensure that operators of these vehicles pay for use of roadways.

A motion was made by Co-Chair Ken Upchurch to adopt the draft memorandum of findings and the recommendation of the final report of the Task Force. Representative Sal Santoro seconded the motion, which was adopted by voice vote with no objection. With no further business to come before the Task Force, Chairman Higdon adjourned the meeting at 1:40 P.M.