

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2018 Interim

August 6, 2018

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Transportation was held on Monday, August 6, 2018, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll. The minutes from the Committee's July 9, 2018 meeting were approved.

Present were:

Members: Representative Ken Upchurch, Co-Chair; Senators Joe Bowen, Jared Carpenter, C.B. Embry Jr., Jimmy Higdon, Paul Hornback, Dorsey Ridley, Albert Robinson, Brandon Smith, and Johnny Ray Turner; Representatives Lynn Bechler, Tim Couch, Ken Fleming, Al Gentry, Robert Goforth, David Hale, Dennis Horlander, Kenny Imes, James Kay, Suzanne Miles, Robby Mills, Tim Moore, Rick Rand, Steve Riggs, John Sims Jr, Jim Stewart III, and Walker Thomas..

Guests: Royce Meredith, Project Manager, Bridging KY Program, Kentucky Transportation Cabinet (KYTC), Robin Brewer, Executive Director, Office of Budget and Fiscal Management, KYTC, and Paul Looney, Deputy Secretary, KYTC

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

Bridging Kentucky Program

Royce Meredith, Project Manager, Bridging Kentucky Program, KYTC, gave a brief overview of the Bridging Kentucky Program. The Bridging Kentucky Program plan is to rehabilitate, repair, or replace more than 1,000 of Kentucky's bridges in all counties at a cost of approximately \$700 million over a six year period. The goal is to deliver all bridges for construction by 2024. The first bridges that will be addressed will be those that the legislature funded in the biennium budget for FY 2019 – FY 2020, which allotted \$340 million for rehabilitation, and replacement or repair of bridges, \$148 million for maintenance and inspection, and \$60 million for complex bridges.

Mr. Meredith stated that KYTC has assembled a strong team, establishing a quick-start 120-day plan that consists of setting up systems, starting evaluations of structures simultaneously, developing efficient processes to move the project along, and preparing bridges for construction. One of the most valuable parts of the program is the screening

process. During the screening and evaluation of bridges a data-driven, life-cycle cost approach is being used to determine rehab versus replacement needs.

The three main factors used to prioritize the bridges are budget matters, condition of the structure, and project challenges. KYTC wants to address closed bridges as soon as possible and then bridges funded in the biennium budget. There are nearly 350 bridge projects identified in the highway plan. Several bridges are under construction, and rehab projects are set to begin in the fall of 2018. Mr. Meredith anticipates a large volume of rehabs or replacements in 2019.

In response to a question asked by Chairman Upchurch concerning the number of bridges that will be added over the next few years to the program, Mr. Meredith stated KYTC has identified approximately one-third of the bridges that will have rehab or replacement needs. There are approximately 14,000 bridges in Kentucky.

Representative Riggs suggested using the number of vehicles that travel over any given bridge as a determining factor for prioritization of the rehabilitation or replacement of the bridge. Mr. Meredith stated traffic counts are a factor but there are times when more lightly traveled bridges offer the only access to homes. Senators Smith and Embry spoke in opposition of the suggestion to use the number of vehicles that cross a bridge as a determining factor for prioritization.

In response to a question asked by Representative Goforth, Mr. Meredith stated that the list of funded bridges from the biennial budget is on KYTC's website. The list of the 1,000 bridges that are to be funded in this program will be uploaded to the website soon.

Representative Imes expressed concern that a lane of the Interstate 24 Bridge in his district had been closed for a significant period of time. Mr. Meredith stated that KYTC would look into the issue.

Road Fund Update

Robin Brewer, Executive Director, Office of Budget and Fiscal Management, KYTC, gave a brief update on the Road Fund. Ms. Brewer stated the FY 2018 official revised revenue estimate was a total of \$1.503 billion. The actual revenues received were \$1.511 billion, exceeding the estimate by \$7.7 million. In FY 2018, KYTC received 764.9 million in motor fuels taxes, \$493.1 million in motor vehicle usage taxes, and \$252.9 million in other taxes. The FY 2018 actual revenue was \$3 million more than that of \$1.508 billion received in FY 2017.

The official enacted Road Fund revenue estimate for FY 2019 includes \$759.2 million in motor fuels tax, \$494 million in motor vehicle usage tax, \$115.2 million in motor vehicle license fees, \$82.1 million in weight distance tax, \$35 million in other income, \$16.7 million in motor vehicle operators fees, and \$3.1 million in investment income,

resulting in a total estimate of \$1.505 billion. The official enacted Road Fund revenue estimate for FY 2020 includes \$761.2 million in motor fuels tax, \$492.6 million in motor vehicle usage tax, \$116.3 million in motor vehicle license fees, \$83.2 million in weight distance tax, \$35.1 million in other income, \$16.8 million in motor vehicle operators fees, and \$3.3 million in investment income, resulting in a total estimate of \$1.508 billion. Ms. Brewer reiterated that, between FY 2019 and FY 2020, there is no projected growth. A graph displayed the historical motor fuels tax revenues, which have essentially remained flat since FY 2016 due to the average wholesale price of gasoline being below the statutory floor of \$2.177 per gallon. While revenues remain flat, construction costs tend to rise.

In response to a question asked by Chairman Upchurch concerning the amount of time before a negative impact is seen due to current funding levels, Paul Looney, Deputy Secretary, KYTC, said that negative impacts are coming soon. The need for repairs is more urgent as roads and bridges age. KYTC is unable to be as proactive as it would like, therefore deferring maintenance results in more future costs. The federal tax credits the state receives for tolling will soon expire.

In response to a question asked by Representative Thomas, Ms. Brewer stated the price of gasoline would have to reach approximately \$2.80 or \$2.83 to even reach the floor. The gas price would have to remain above that for a significant period of time to change the gas tax rate.

Senator Robinson asked if there was a measure of how construction costs have increased over time. Mr. Looney said that the costs have increased, but he did not know a specific percentage.

In response to a question asked by Senator Hornback, Ms. Brewer stated KYTC is estimating Kentucky will run out of toll credits of approximately \$120 million per year in 2020. Not all of that \$120 million is being spent each year, but it is being committed. KYTC is trying to determine an estimated dollar amount that will impact the state within a year. A factor is that there will be fewer state funds for projects

Representative Lynn Bechler stated he would like determine if there is a better way to collect motor fuels tax than using the method of taxing the wholesale price of gasoline.

In response to a question asked by Representative Imes, Ms. Brewer stated the \$1.5 billion includes the revenue sharing portion that is shared with counties, cities, and the rural secondary road fund.

In response to a second question by Representative Imes, Mr. Looney stated he is confident the state will receive several federal grants for which KYTC has applied.

In response to a question asked by Senator Higdon, Ms. Brewer stated after the purchase of a vehicle that there is an ad valorem tax that goes into the General Fund, but the motor vehicle usage tax on the purchase of the vehicle goes into the Road Fund.

Representative Rand inquired about the savings realized after the repeal of prevailing wage has taken place. Mr. Looney stated the KYTC will have to follow up with him on that issue.

Chairman Upchurch gave details of the September meeting to be held in Monticello. There being no further business, Chairman Upchurch adjourned the meeting at 2:00 P.M.