

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 1st Meeting of the 2020 Interim

June 2, 2020

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Transportation was held on Tuesday, June 2, 2020, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll. Due to Covid-19, members of the committee were given the option to attend the meeting remotely via videoconference through the Blue Jeans application.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Ken Upchurch, Co-Chair; Senators Ralph Alvarado, C.B. Embry Jr., Paul Hornback, Stephen Meredith, Gerald A. Neal (remotely), Brandon Smith, Johnny Ray Turner, and Mike Wilson; Representatives Terri Branham Clark, Randy Bridges, Chris Fugate, Al Gentry, David Hale, Chris Harris, Samara Heavrin, Kathy Hinkle, Regina Huff, Thomas Huff, Derek Lewis (remotely), Savannah Maddox, Bobby McCool, Russ A. Meyer (remotely), Rick Rand (remotely), Sal Santoro, Maria Sorolis, Cherlynn Stevenson (remotely), Jim Stewart III, Ashley Tackett Laferty, and Walker Thomas.

Guests: (All presenters appeared remotely via videoconference.) Jim Gray, Secretary, Kentucky Transportation Cabinet (KYTC); Mike Hancock, Deputy Secretary, KYTC, and Sarah Jackson, REAL ID Project Manager, KYTC; Matt Cole, Acting Commissioner, Department of Vehicle Regulation, KYTC; Robin Brewer, Budget Director, KYTC; Rodney Brewer, Commissioner, Kentucky State Police (KSP); and Jamie Heller, Major, KSP.

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

REAL ID and Operator's License Issuance Update

Sarah Jackson, REAL ID Project Manager, KYTC, updated the committee on the effect of Covid-19 on the rollout of REAL ID and operator's license issuance, and how REAL ID has progressed throughout the Covid-19 pandemic. At the time of the closing of in-person services in mid-March, there were REAL ID offices up and running in various stages in Bowling Green, Somerset, Paducah, Madisonville, Morehead, Frankfort, Owensboro, and Louisville. Efforts were made to open other offices in Catlettsburg, Elizabethtown, Northern Kentucky, and Lexington. There were just under 30,000 REAL IDs that had already been issued. During the first month of the pandemic, the Department

of Homeland Security pushed the enforcement deadline for REAL ID back one year from October 1, 2020 to October 1, 2021.

Ms. Jackson stated that the Cabinet has continued to secure and finalize leases on future sites with the help of the Finance Cabinet. Computer networks and equipment continue to be installed, as well as furniture in some locations. Some initial offices have also been moved into their final regional office. Staffing issues have not been able to be addressed as quickly due to the close nature of training and social distancing concerns, but that has now started to materialize as restrictions are being lifted. On May 18, 2020, the Frankfort Real ID office in the Transportation Cabinet building was one of the first in-person state government service offices to reopen on a limited basis, following the new “Healthy at Work” guidelines. With the Circuit Clerk’s offices not being open at that time for drivers’ licenses and credentials, the initial focus was on providing services such as driver’s license renewals, issuing IDs needed for employment, and handling renewals for lost and stolen IDs and drivers licenses. Because of the new sanitation protocols, social distance guidelines, and the operation of services at half-staff, this reopening was a challenge. Because of the new challenges, the Cabinet chose to reopen the Frankfort office first to use as a model to ensure that as REAL ID offices were opened throughout the state, that the guidelines for both the public and the staff could be followed.

In anticipation of the reopening of services, on May 18th, Kentucky Interactive aided the Cabinet in helping with a new online appointment schedule which was launched in the Frankfort office. That appointment schedule can be accessed and utilized by the public at Drive.ky.gov. Ms. Jackson added that a few stations will be left open for walk-ins, and as regional offices open, assessments will be made on walk-ins versus appointments needed. Ms. Jackson stated the Cabinet expects to reopen the rest of the previously opened REAL ID offices within the next few weeks.

In the Frankfort office, line management as well as cleaning times between visitors are being monitored. The comparison of processing times between walk-in applications and appointment-based applications is also being monitored. A virtual lobby is available as an option so that “Healthy at Work” guidelines are followed.

Ms. Jackson stated that KYTC has worked closely with the Circuit Clerks within the last months to form a reopening workgroup with representatives from the Administrative Office of the Courts, the Circuit Clerks, and the Kentucky State Police (KSP) with regard to the driver testing. The group has been meeting weekly to share and support each other in these reopening processes.

In response to a question asked by Senator Higdon, Ms. Jackson stated that by the time KYTC takes over the issuance of drivers licenses in 2022, the goal is to have all the regional offices up and running and issuing REAL IDs.

In response to a concern voiced by Representative Harris regarding travel times for residents of Pike County in order to obtain a REAL ID, Ms. Jackson stated as regional offices are developed, nothing is off the table, and a location in Pike County has not been ruled out. In moving forward, the Cabinet is giving every area of the state consideration as expansion of these offices continue. There is a balancing act of large populations and even coverage that must occur. The Cabinet is trying to keep a reasonable driving distance in mind. It is important to remember that Kentucky is moving from a county-by-county approach to a regional approach.

Effect of Covid-19 State of Emergency: Vehicle Registration Renewal System and Vehicle Transfer process

Matt Cole, Acting Commissioner, Department of Vehicle Regulation, KYTC briefed the Committee on the effect of Covid -19 and the vehicle registration renewal system. The Division of Motor Vehicle Licensing has performed all their functions to include vehicle renewals and vehicle transfers during the Covid-19 pandemic and are pleased to report that there has been constant and consistent output of services. The Division's program assistance section is responsible for answering all Circuit Clerk's phone calls, and the employees of the section are able to perform 100% of their functions from home using the Cabinet's web-based technology. In the verification section, a two to three day turn around has been able to be maintained on vehicle title applications upon receipt from the Circuit Clerks.

Commissioner Cole stated during the uneasy time of the Covid-19 pandemic, employees were allowed to take home their work stations, management continued to monitor employees performance electronically, a program was developed where sheriffs were authorized to inspect vehicles using a skype or similar remote video device, electronic signatures on title applications were accepted in compliance with the division standards, and all printed speed titles were and are mailed directly from the vendor to the applicant. A 90 day extension for renewals for vehicle registrations and handicap placards was put in place to also help. The license plate shipment process to the Circuit Clerk's office remains the same. All rebuilt title applications are accepted from the applicants by mail or may be emailed from the Circuit Clerks. A drop box option has been added to the lobby of the Transportation Cabinet in Frankfort, and this has actually enabled improved turnaround times on rebuilt title applications during the pandemic. Most applications are approved within 24 hours and that all approved applications with their accompanied authorization letters can be mailed to the applicants or Circuit Clerks.

Commissioner Cole stated that all division services remain in effect, and the commitment to continue to improve motor vehicle licensing functions remains a top priority. The Division has revised many business forms for the new processes and have continued to hold virtual meetings with the Circuit Clerks to ensure consistency and transparency. In closing, Commissioner Cole stated the Cabinet stands ready to provide all

the services the citizens of the Commonwealth need and are grateful for the assistance that partners have provided throughout these trying times.

In response to a question asked by Chairman Upchurch concerning Circuit Clerk's offices being closed throughout the pandemic and therefore making it difficult for dealers to transfer titles, Commissioner Cole stated there have been quite a few offices that closed out of caution during the beginning of the pandemic, however, several of them implemented the drop-box option so people could continue to drop off forms and processes could continue to function without face-to-face interaction.

Effect of Covid-19 State of Emergency: Road Fund and Highway Construction

Jim Gray, Secretary, KYTC gave a brief presentation on the Road Fund and highway construction projects. One characteristic of a leading company is that when they have difficult times, they acknowledge the brutal facts of their current reality, to which he acknowledged Kentucky's current reality. Secretary Gray highlighted three areas; the current condition, the actions that have been taken by KYTC, and future conditions and what they may look like.

Secretary Gray stated that Governor Beshear recognized in the budget that transportation is essential to the economy and life in the Commonwealth. Secretary Gray stated as a result of the pandemic, many collaborative partners including KYTC employees, the members of the legislature, and industry partners, have come together to accomplish essential and common goals. The Covid-19 pandemic and with all the closures that have come along with it, have had a severe impact on the Road Fund. Road Fund receipts for April dropped by just over 30% from April 2019 to April 2020, which represents being down about \$43 million. Motor vehicle traffic was in a steep decline. The Road Fund is based on user fees, mainly the taxes on the sales of motor fuels and motor vehicles and fees on vehicle licensing and registration. Because of the pandemic, motor fuels sales dropped significantly and very few cars and trucks were being sold.

Secretary Gray stated that even before the pandemic hit, it was known that there were going to be some cash management challenges. Looking forward to the heavy construction months, the goal was to ensure that there were enough funds available to continue current projects. Since the Covid – 19 pandemic hit, the Cabinet has suspended nearly 100 asphalt and pavement contracts totaling approximately \$58 million. Industry partners and trade associations have been instrumental in helping plan the Cabinet on how to get through this while managing cash flow. Some contractors have allowed for payment of services to be made outside of the high season months, allowing for payments to be delayed until the fall. Secretary Gray acknowledged and thanked the contractors for allowing the Cabinet to do so. The Cabinet has reduced some of the scope of right-of-ways mowing in an effort to reducing costs across the board.

Secretary Gray stated that the expectation is for pavement contracts to resume once revenues stabilize, and that major projects already underway, will continue. It is his hope to see encouraging signs with May and June numbers in motor fuels and in motor vehicle sales and that will allow a possible July letting. Secretary Gray encouraged people to write to their congressional delegation to inform them of the real need for funding transportation. These are unprecedented times, and the cabinet will continue to work with the State Budget Director and the Governor. The cabinet and will continue to make responsible adjustments in order to meet the Consensus Forecasting Group (CFG) forecasting revenues.

Robin Brewer, Budget Director, KYTC presented the committee with updated numbers on the Road Fund revenue. The Covid-19 pandemic has not only impacted lives, and the economy, but the Road Fund as well. The pandemic impacted all aspects of Road Fund revenues from declining motor fuels tax revenues due to businesses closing temporarily and consumers practicing healthy at home directives, to declining motor vehicle usage tax revenues from auto dealerships closing to in-person business, exclusively doing business through online car sales. It has also caused declining collection of various fees and licenses due to Circuit Clerk's offices being closed as well as Circuit Clerk's offices and KYTC offices closed to in-person traffic, which were all necessary actions in an attempt to flatten the curve.

Director Brewer stated that April was the first month's revenues where the financial impacts of COVID-19 to the Road Fund were seen. Overall, Road Fund receipts fell 30.1% year over year in April with total collections of \$101.7 million, which was \$43.9 million less than what was collected in April of FY 2019. Year-to-date collections stood at -1.4% of FY 2019 numbers among the accounts, motor fuels tax revenues fell 11.8% in April. Motor fuels tax revenues lag a month behind, so April motor fuels tax revenues reflect March activity. As a result, the full economic impact on motor fuels tax revenues will be reflected in May's receipts. Motor vehicle usage tax receipts fell 60.1% in April as auto dealerships were limited to online sales. License and privilege receipts decreased 20.2%. She added that May's revenues have not been finalized but should be known and released publicly by the Office of the State Budget Director in the coming days, which will help in determining the evolving budgetary impact for Fiscal Year 2020.

Director Brewer stated that with upcoming anticipated budget shortfalls for the General Fund and the Road Fund, the CFG met on May 22nd to discuss the economic impacts of COVID-19 to the state revenues for Fiscal Year 2020. From that meeting, the CFG adopted the pessimistic scenario for the Road Fund which resulted in a revision of the Enacted Road Fund revenue estimate for Fiscal Year 2020 of \$1.39 billion, which is an estimated shortfall of \$161.8 million, (-10.4%) from the \$1.551 billion originally estimated for FY 2020. The revised official revenue estimate is forecasting \$77 million less in motor fuels tax revenue, which is a 10% reduction. Since the motor fuels tax is used to statutorily

formulate the amount of County Road Aid and Municipal Road Aid through the Revenue Sharing programs, a similar reduction would be anticipated in aid to the cities and counties for the year. In addition, the revised estimate calls for \$60.5 million less in motor vehicle usage tax revenue, which is an 11.7% reduction compared to the Enacted Road Fund revenue estimate in House Bill 353 from the 2020 Regular Session of the General Assembly. The revised official revenue estimate would be about 11.2% less in revenue compared to FY 2019 actual Road Fund revenue collections.

Director Brewer stated with very few weeks remaining in the fiscal year to address this budget shortfall, the Cabinet is working with the State Budget Director's office and the Governor's office on the best approach for a plan. Like COVID-19, the financial situation is evolving and will continue to evolve as the impact from the re-opening of the economy unfolds. The budgetary impact for this fiscal year as well as next fiscal year will be better known with time.

In response to a question asked by Senator Hornback concerning the letting of projects funded by federal dollars, Secretary Gray stated he is hopeful that those projects will be able to be kept on track and let on time, however it is a fluid situation. He also reminded the Committee that those federal dollars must be matched. Mike Hancock, Deputy Secretary, KYTC, reiterated that the reason lettings for projects were slowed was because of the requirement of matching funds, and until there was a better picture of what the impact of Covid-19 would be, the Cabinet thought it was prudent not to begin any additional projects. Secretary Gray stated that the priority is to make sure the projects that were already gaged, contracted, and committed to, are going to be executed.

Senator Higdon stated he has sent letters to Senator Paul and Senator McConnell to address the transportation funding issue, and he encourages other members to do so as well.

Effect of Covid-19 State of Emergency: Permit and Road Testing

Rodney Brewer, Commissioner, Kentucky State Police (KSP); and Jamie Heller, Major, KSP briefed the Committee on the impact that Covid-19 has had on permit and road testing. In mid-March, the entire driver testing process was forcibly closed to due to the Covid-19 pandemic. The process is divided into two pieces, the Class D license that regular drivers' license holders receive, as well as the commercial drivers' license (CDL).

The traditional driver testing function is very dependent on interaction with Circuit Clerk's offices across the state, therefore when they closed, driver testing was forced to close as well. There are approximately 50 civilian driver instructors that found their workload lightened because of the pandemic, therefore, they aided in logging old paper fingerprint cards, of which approximately \$1.3 million cards needed to be entered into the fingerprint system. Those instructors began to scan and enter those cards. To date, they have entered over 400,000 of those cards, saving a significant amount of money. Those

instructors have now begun to return to work, as approximately three-fourths of the counties are open for the testing process.

Commissioner Brewer stated when things began to shut down in mid-March there were approximately 3,200 applicants that were scheduled to take their drivers test that had to be cancelled. However, 3,200 applicants are not the total number of tests that had to be cancelled as this is more of a bifurcated system. Some of the Circuit Clerk's offices schedule the testing themselves, therefore there is not an exact number on how many people were displaced when testing was shut down.

Commissioner Brewer stated that KSP is going to do their best to ensure that the individuals who had road tests scheduled and canceled are moved up to the top of the schedule as testing returns. He added that as services resume, the initial phase is to concentrate on the written permit test to complete as many as possible. Commissioner Brewer stated that the target date to start the actual skills test in vehicles is July 1, 2020.

Commissioner Brewer stated that he does not think the revised process will reduce the number of tests any one examiner can administer in a day, but that it will vary from site to site. He does not anticipate that being a huge hindrance, however, there will be time needed to clean the kiosks that are used to take the tests, and that each person coming in to take those tests will be asked to wear a mask as well as the driver testing examiner. There is an additional site that will be opened in Franklin Co. for the written test at the Transportation Cabinet.

Commissioner Brewer stated drivers testing will unlikely extend their hours because that is contingent upon the hours of the Circuit Clerk's offices, which would result in a person having to return to the Clerk's office another day to turn in the written portion of the test. KSP would be working in tandem with the Circuit Clerk's offices in order to ensure that paperwork is received and processed in a timely manner.

Commissioner Brewer stated supplemental resources such as Trooper Rs will most likely not be utilized. A certified driver instructor must go through a 2-week course, and that the use of troopers for this task has been phased out and is now civilian based.

Commissioner Brewer stated the use of remote driver testing via go-pro has been considered, but ultimately will not be the path KSP chooses to take due to several small observations needed to pass the test, such as hand placement, mirror adjustments, etc. He added that applicants will not necessarily be limited to testing in their county of residence, but that would be left up to the Circuit Clerk's offices.

In response to a question asked by Senator Alvarado, Commissioner Brewer stated a waiver permitting teenagers to log their driving hours prior to taking their permit testing will not be permitted. He added currently the Circuit Clerk's offices that are open are

scheduling permit testing. Major Heller reiterated the point, stating that a person must have a permit before the logging of hours can begin

Concerning CDLs, Commissioner Brewer stated normally there are nine different sites throughout the state administering tests to obtain a CDL. Those sites were also shut down around mid-March. Special site opening and testing was performed for critical drivers for road deliveries. Currently, five of the nine testing sites are open which include; Paintsville, Elizabethtown, Georgetown, Mount Sterling and Prestonsburg. The written skills tests are performed by the Commercial Vehicle Enforcement Officers. There are some contract employees, such as retired officers, that also administer the test. KSP has not opened the Louisville testing site yet mainly due to the heavy outbreak of Covid-19 in that area. He anticipates opening London, Louisville, and Owensboro locations by the end of June. Extra precautions will be taken for the testers as they will be in full personal protection equipment gear and suits. It is also requested that the drivers that are taking the test, are being asked to wear facemasks as well. That test will also involve going into a city or urban environment to perform functions and meet the guidelines in order to pass that test.

Chairman Upchurch informed the Committee that all meetings of the 2020 interim will provide the option to video or teleconference into the meeting via the Blue Jeans application. He encouraged members to inform staff of their intent on how they would like to participate in meetings going forward. With no other business to come before the Committee Chairman Upchurch adjourned the Committee at 1:59 P.M.