

# INTERIM JOINT COMMITTEE ON TRANSPORTATION

## Minutes of the 1st Meeting of the 2021 Interim

June 1, 2021

### Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Transportation was held on Tuesday, June 1, 2021, at 1:00 PM, in Room 154 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 Karen Berg, C.B. Embry Jr., Brandon Smith, Brandon J. Storm, Johnnie Turner, Phillip Wheeler, Mike Wilson, Max Wise, and David Yates; Representatives Tina Bojanowski, Josh Branscum, Randy Bridges, Jonathan Dixon, Ken Fleming, Robert Goforth, David Hale, Samara Heavrin, Regina Huff, Thomas Huff, Derek Lewis, Savannah Maddox, Bobby McCool, Shawn McPherson, Charles Miller, Sal Santoro, Tom Smith, Cherlynn Stevenson, Ashley Tackett Laferty, Walker Thomas, Susan Westrom, and Buddy Wheatley.

Guests: Jim Gray, Secretary, Kentucky Transportation Cabinet (KYTC); Mike Hancock, Deputy Secretary, KYTC; Sarah Jackson, REAL ID Project Manager, KYTC; and Matthew Cole, Commissioner, Department of Vehicle Regulation, KYTC.

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

### Update on Driver's License Issuance and Establishment of KYTC Regional Offices

Sarah Jackson, REAL ID Project Manager, KYTC, gave a brief overview of driver's license issuance and the establishment of KYTC regional offices. Ms. Jackson reminded the committee that the Division of Driver Licensing is juggling two major projects simultaneously; the REAL ID implementation, as well as transitioning Circuit Court Clerks off of driver's licensing functions.

Ms. Jackson stated that due to delays caused by the COVID-19 pandemic, the REAL ID enforcement deadline has been moved to May 3, 2023. This decision was made by the Department of Homeland Security and states were notified in late April. The websites and all information statewide has been updated to reflect the new enforcement date.

Ms. Jackson encouraged citizens of the Commonwealth to make their REAL ID plan now. She reiterated that citizens do not have to have a REAL ID credential; however, they must have an ID as well as a REAL ID compliant document, such as a birth certificate or other accepted documents, to be REAL ID compliant.

Kentuckians with a driver's license have been placed on a staggered four-year cycle, meaning that approximately one-fourth of Kentucky's drivers renew their driver's license every year in a four year cycle. Because of that, over the next two years, Kentucky has the ability to cycle through 50 percent of scheduled license renewals within the next two years, and those people will be offered and educated on REAL ID. The extra time will help in the setting up of additional regional offices, acquiring staffing for those offices, and further education of the public on REAL ID. She added that the additional time will also allow for the Department of Homeland Security (DHS) to expand their list of acceptable documents. Noting that most recently, the Veterans Health Identification Card (VHIC) has been added to the list of acceptable documents.

The driver licensing regional offices that are open include Bowling Green, Burlington, Catlettsburg, Columbia, Elizabethtown, Frankfort, Jackson, Lexington, Louisville (Bowman and Hurstbourne), Madisonville, Morehead, Owensboro, Paducah, Prestonsburg, Richmond, and Somerset. The Bowman location is a temporary location and available by appointment only. These regional offices are open for REAL ID credential issuance, but they will also be issuing standard driver's licenses and IDs.

Matthew Cole, Commissioner, Department of Vehicle Regulation, KYTC, gave a brief overview of the Circuit Court Clerk transition and the deadline for that transition. The transition includes issuance of IDs and driver's licenses from the Circuit Court Clerk offices to the KYTC regional offices. The deadline for this transition is June 30, 2022. Commissioner Cole stated that Indiana, which has a similar land mass size to Kentucky, and a population of 6.8 million people, only has 18 regional offices. While Kentucky, at 4.4 million in population will have at least 25 regional offices, and may be possibly closer to 30 regional offices eventually.

Over 20 counties have transitioned into regional credential issuance effective May 24, 2021, with ten additional counties transitioning by June 28, 2021. Those ten counties that are expected to transition by June 28, 2021, are Elliot, Fleming, Hancock, Hard, Knott, Lee, Owen, Owsley, Rockcastle, and Wolfe Counties. All 120 counties will complete the transition by the June 30, 2022, date. Commissioner Cole stated in choosing which regional offices will become active next, bandwidth and the capacity to handle the volume of clientele is taken into consideration.

Commissioner Cole briefed the Committee on the online renewal program, which will allow anyone in their six month renewal window to renew online as long as there are no material changes to their license, such as a name or address change.

The Cabinet is also continuing to work on the pop-up portable driver's licensing units. Those units are to allow citizens to make appointments in counties that do not have regional offices and may not be as comfortable with technology, to be able to obtain credentials.

Kentucky State Police (KSP) has also decided to transition their driver testing program to something that closely resembles the regional model. Commissioner Cole stated KYTC will continue to work with KSP in any way necessary.

In conclusion, KYTC is ahead of schedule in arranging regional offices and transitioning the Circuit Court Clerks from ID issuance. The pop-up portable units will begin later in 2021.

In response to a question asked by Chairman Upchurch concerning the opening of the regional offices and the criteria that is used to decide where a regional office goes, Commissioner Cole stated that travel patterns are taken into consideration as well as population and geographic coverage. Commissioner Cole reiterated that a citizen may go to any office to renew their credentials, it does not have to be in the county they reside in.

Co-Chair Jimmy Higdon stressed the importance of the pop-up credential sites and was glad to see they were included in the transition model.

In response to a question asked by Co-Chair Higdon concerning the online renewal program, Commissioner Cole stated that the program will be up and running within the next week (June 2021) and will be monitored closely for areas of effectiveness and user friendliness. Ms. Jackson reiterated that every Kentucky citizen may renew online provided there is no name or address change. She added the mail-in renewal process will end at the end of June 2021 as there has been seen no-need to further that process, due to online renewals.

Co-Chair Higdon requested for consideration an extension of the mail-in renewals due to a population of Kentucky people who may not be as computer literate. Commissioner Cole stated such an extension would continue to involve Circuit Court Clerks, therefore that process needs to be come to a conclusion in order to complete the renewal transition, however, it is a topic that could be reconsidered later in the program.

In response to a question asked by Co-Chair Higdon concerning including renewing not just driver's licenses, but IDs as well online, Ms. Jackson stated the request has been made to include IDs as well, and it may be a few months before a definitive response is given.

In response to a question asked by Representative Fleming concerning the number of REAL IDs issued versus standard credentials, Commissioner Cole stated there are currently 3.8 million credential holders in the Commonwealth. He added that over 190,000 of those holders now have been issued REAL IDs. He added that it is predicted with a state the size of Kentucky, that 30 to 40 percent would acquire REAL IDs. Currently, over 65 percent are being issued REAL ID credentials.

In response to a question asked by Representative Cherlynn Stevenson, Ms. Jackson stated some of the backlog that is being seen in the process of obtaining a REAL ID credential is due to the COVID-19 Pandemic, however, other backlog is due to the recent education on REAL ID and where and how that credential is to be acquired. Another aspect of the backlog is due to the inability for office to return to full staffing numbers, however that is changing. Commissioner Cole stated as online renewals ramp-up, foot traffic and wait times will be reduced in some offices.

Representative Buddy Wheatley stated he would like to see more regional offices in his area.

Senator Johnnie Turner also stated he would like to see more regional offices in his area due to travel time and restrictions placed upon his constituents.

Ms. Jackson and Commissioner Cole stated all areas of the state are still being considered for future credential offices.

In response to a question asked by Senator Turner, Commissioner Cole stated he would keep in mind the idea of allowing Circuit Court Clerks to assist uneducated citizens in obtaining their credentials in the planning process until the transition deadline is reached.

Representative Samara Heavrin complimented the Bowling Green regional office on their assistance in helping her obtain her REAL ID.

### **Update on Transportation-Related CARES Act Funding**

Jim Gray, Secretary, and Mike Hancock, Deputy Secretary, KYTC, updated the committee on transportation-related CARES Act Funding. Secretary Gray stated on Friday, March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. He stated while most Americans are familiar with the stimulus checks the CARES Act authorized, the CARES Act also provided emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic and provided emergency appropriations to support Executive Branch agency operations during the pandemic.

During the pandemic, transportation nationwide was hard-hit. With safety measures to encourage Americans to quarantine and reduce unnecessary interactions, a drastic dip in

travel was realized on the roads and in the air, which impacted road fund revenues dependent on motor fuel tax and vehicle fees.

The federal dollars provided through the CARES Act for transportation in Kentucky were desperately needed to sustain the operations of Kentucky's transit systems and airports, as well as the livelihoods of the Kentuckians that keep those systems moving.

Secretary Gray stated the CARES Act provided \$25 billion to transit agencies nationwide to help prevent, prepare for, and respond to the COVID-19 pandemic.

Kentucky's \$60.5 million appropriations were earmarked exclusively for the Section 5311 rural transit funding program. Rural transit operators serve a non-urbanized region with a population of 50,000 or less. The KYTC's Office of Transportation Delivery applied for and administered the grant funding.

The \$60.5 million rural transit program does not fund the big three transit agencies (Lextran, TARC, TANK) and small urban transit systems. They were eligible to apply directly with the Federal Transit Administration to draw from a different pot of CARES funding. Secretary Gray stated for many public transit agencies, federal transit grant programs are the difference between staying in business and going out of business.

The CARES funding was beneficial for rural transit because it required no local match, unlike traditional Federal Transit Administration grants. Much like other public modes of transportation, the pandemic left transit agencies hard hit due to lost ridership and lost revenue. Transit drivers and other transit system employees remained on the frontlines of the COVID-19 battle to maintain essential services for Kentuckians.

Of the \$60.5 million, the Office of Transportation Delivery has applied for and received \$55 million to date. Pending National Environmental Policy Act (NEPA) approval, which is required by the Federal Transit Administration, is \$5.5 million. Secretary Gray stated KYTC was encouraged by the Federal Transit Administration to use these funds quickly and to get funds out to transit providers who need them during Kentucky's State of Emergency.

The Office of Transportation Delivery first focused on issuing funds to agencies to support operational and administrative expenses to ensure transit systems could remain in business in rural areas, including Appalachia. Intercity bus services were also supported to allow routes to run that connect rural areas with the larger regional system of intercity bus services.

Operational expenses included administrative leave for employees required to self-isolate because of exposure to people infected with COVID-19. Other eligible operational

expenses included the purchase of fuel and procurement of personal protective equipment such as masks, gloves, disinfectant wipes, disinfection services, and protective barriers between drivers and passengers.

The Office of Transportation Delivery accepted requests and issued funding for capital expense projects for new construction and renovations, and equipment upgrades, such as onboard security cameras, GPS, transit vehicles, electronic ticketing, and office supplies. This funding was a lifeline to keep the wheels turning for Kentucky's 25 public transit agencies that kept Kentuckians employed and connected to critical services, like medical appointments, the grocery, and even vaccine locations.

Secretary Gray updated the Committee on the aviation industry in regards to CARES Act funding. He stated Kentucky received approximately \$77 million in April 2020 to provide relief to the aviation industry. The money was intended to offset losses and expenses incurred by general and commercial airports, while keeping workers employed and airport credit ratings stable. This funding was above and beyond the annual Airport Improvement Program grants issued by the Federal Aviation Administration.

Kentucky has 57 airports, five of which are commercial airports that provide ticketed passenger service, and 52 are general aviation airports that serve private aircraft and small charter operations. The five commercial airports are located in Cincinnati/Northern Kentucky, Louisville, Lexington, Owensboro, and Paducah.

Secretary Gray stated approximately 95 percent of the \$77 million was appropriated by Federal Aviation Administration (FAA) for commercial airports, leaving roughly \$2 million for general aviation and state airports.

The Kentucky Department of Aviation (KDA) received \$72,000 for use at its four state-owned airports: Capital City Airport in Frankfort, Lake Barkley State Park in Cadiz, Rough River State Park in Falls of Rough, and Kentucky Dam State Park in Calvert City. Secretary Gray added that Calvert City is unique in that management for the airport has been turned over to Calvert City but KDA still administers their grants due to FAA restrictions regarding land ownership.

Of the \$72,000 earmarked for the four state-owned airports, the majority of the money went to the Capital City airport in Frankfort (\$69,000). The other three state parks each received \$1,000. The entire \$72,000 was spent on aviation fuel on Dec. 4, 2020.

Secretary Gray reiterated the bulk of the CARES funding was allocated for Commercial Airports (98 percent) and general aviation airports (1.97 percent). He stated KDA does not provide or have oversight of how that money is spent at these airports. Classified general aviation airports are owned mainly by local governments, so the money

is granted directly to the airport board. The CARES funding is a reimbursement program, and federal funding covered 100 percent of the projects.

Secretary Gray stated this is a huge win for Kentucky airports as they normally must provide a 10 percent local match. KDA typically funds 7.5 percent of the 10 percent match for all general aviation airports. Secretary Gray stated for context, in 2019, KDA spent \$1.4 million providing this match. Thanks to the relief from local matching funds, KDA has programmed an additional \$1 million for projects across the state.

While the pandemic hit the aviation industry hard, there are promising signs of recovery. Domestically, airlines are back to about 90 percent of pre-COVID numbers. This is far ahead of industry predictions.

Secretary Gray stated without the CARES Act money, Kentucky would be in the process of rebuilding, resuscitating, or resurrecting much of the transit and aviation industries in the Commonwealth. He expressed his appreciation for the funding to keep critical modes of transportation in operation during the pandemic and poised for future growth as the conclusion of the pandemic draws nearer.

Secretary Gray also added that in 2020, even with the effects of the COVID-19 Pandemic, KYTC was able to award \$632.6 million in new highway construction contracts. He also added that Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) from late December 2020 provided \$164,749,950 in highway funding to KYTC. Of that amount, \$14,647,075 had to be allocated to Kentucky's Metropolitan planning organizations (MPOs), leaving \$150,102,875 available for KYTC's statewide use. The Cabinet is planning to use \$150 million to support federally-funded "FED" projects in the Highway Plan. The \$14.6 million MPO allotment is pending funding decisions in each of those areas. Those metro areas are Louisville, Lexington, Northern Kentucky, Ashland, and Henderson.

In conclusion, Secretary Gray stated Kentucky received \$30,491,911 in CRRSAA funding in February 2021. The CVG airport received the highest amount (\$12.3 million). Combined with the CARES money, Kentucky received \$107,721,168 in COVID related federal funding. All the CRRSA funds for Statewide Rural and Elderly have been awarded and under contract.

Representative Fleming stressed the importance of the aviation industry. He stated he was pleased that CARES Act funds went to commercial airports. In response to a question asked by Representative Fleming concerning funding for general aviation and ancillary funds, Deputy Secretary Hancock stated that it is important to look towards the future for general aviation airports. He reiterated that general aviation airports did not receive much funding from the CARES Act, however, the need for funding is still there. He stated that virtually all of the state aviation fuel tax gets channeled back into projects

for general aviation airports, however, that is not a large amount. Deputy Secretary Hancock stated he remained encouraged and hopeful as recent numbers have surfaced for the funding of the general aviation industry.

In response to a question asked by Representative Fleming concerning an aviation consortium, Secretary Gray stated he is unaware of the consortium, but he is willing to acquire more information.

Co-Chair Higdon stated in past budget sessions, some funds have been pulled out of the transportation budget to fund things outside of transportation. He stated this trend started several years ago when the road fund contained the extra available funds, but that is no longer the case. He stated there is approximately over \$200 million per budget cycle coming out of the road fund. He added that this year the general fund picked up the majority of KSP funding, and approximately another \$180 million was given to the transportation budget, (\$60 million in the current year for pavement maintenance, and \$120 million in next year's budget for road fund projects.)

In response to Co-Chair Higdon, Secretary Gray expressed appreciation for the maintenance funds given to KYTC, as the needs have been great and the revenues have been challenged. He stated those funds are being utilized for the backlogged maintenance, which is the first priority. He added the backlogged maintenance needs could reach as high as approximately \$1 billion.

Deputy Secretary Hancock expressed his appreciation for the funds as well. He stated the funds are being used for paving projects, as well as rock fall and landslide projects around the state.

Co-Chair Higdon reiterated that Kentucky has not increased the amount of fuel tax that is to be collected since 2011. He also stated consumption is approximately the same as it was in 2011, therefore there has not been an increase in revenue since that time. Secretary Gray stated that at the same time that revenues have been flat, highway construction costs have increased at least 35 percent in the last ten years. He added that if escalations continue at the current rate, the construction cost is likely to increase another 10 percent.

Representative Smith expressed his full support in fixing the Brent Spence Bridge and stated he is willing to help the project along in any way he can.

With no further business to come before the committee, Chairman Upchurch adjourned the meeting at 2:13 P.M.