

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2025 Interim

August 18, 2025

Call to Order and Roll Call

The third meeting of the Interim Joint Committee on Transportation was held on August 18, 2025, at 1:00 PM in Room 149 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Senators Karen Berg, Donald Douglas, Greg Elkins, Brandon J. Storm, Gex Williams, and Mike Wilson; and Representatives Ryan Bivens, Josh Branscum, Anne Gay Donworth, Myron Dossett, David Hale, Samara Heavrin, John Hodgson, Thomas Huff, Matthew Lehman, Derek Lewis, Bobby McCool, Amy Neighbors, Rachel Roarx, Tom Smith, Walker Thomas, and Ken Upchurch.

Guests: Mike Hancock, Deputy Secretary, Kentucky Transportation Cabinet (KYTC); Shaun McKiernan, Executive Director, Office of Budget and Fiscal Management, KYTC; Ron Rigney, Director of Program Management, Department of Highways, KYTC; Bobbi Jo Lewis, Commissioner, Department of Rural and Municipal Aid, KYTC; Craig Caudill, Transportation Engineering Branch Manager, Rural Secondary Roads, KYTC; Christie Ross, Executive Advisor, Commissioner's Office, Rural Secondary Roads, KYTC; Eric Frankl, Executive Director, Lexington Bluegrass Airport (LEX); Dann Mann, Executive Director, Louisville Regional Airport Authority; and Larry Krauter, Chief Executive Officer, Cincinnati/Northern Kentucky International Airport (CVG).

LRC Staff: John Snyder, Dana Fugazzi, Ashley Nash, and Christina Williams.

Approval of July 14, 2025 Minutes

The minutes from the July 14, 2025, meeting were approved.

Road Fund Report

Mike Hancock, Deputy Secretary, KYTC; Shaun McKiernan, Executive Director, Office of Budget and Fiscal Management, KYTC; and Ron Rigney, Director of Program Management, Department of Highways, KYTC, gave an update on the Road Fund End 2024-2025 Fiscal Year (FY) Close Out Report. Actual FY 2024-2025 Road Fund revenues were \$1.8653 billion, which exceeded the enacted estimate by \$38.5 million or 2.1 percent. Motor fuels tax revenues lagged behind estimates, while motor vehicle usage tax revenues exceeded estimates by \$69.4 million or 10.7 percent.

When comparing FY 2025 Road Fund revenue with FY 2024 Road Fund revenue, there was a decrease of approximately \$11 million or 0.6 percent. Director McKiernan stated there was a year-over-year drop in motor fuels tax revenue, largely due to a drop in the motor fuel tax rate that went into effect at the beginning of FY 2025. Motor vehicle usage tax increased 7.2 percent over FY 2024.

Director McKiernan reported a Road Fund surplus for FY 2025 of \$61.6 million. 2024 RS HB 6, the Executive Branch Budget Bill for FY 2024-2026, requires money in the Road Fund surplus account to be appropriated to the highway construction program.

Chair Higdon reiterated that because of the decrease in motor fuels revenue, cities and counties and rural and secondary roads took a hit, as approximately 50 percent of motor fuels taxes go for those purposes. In response to Chair Higdon, Director McKiernan stated that because motor fuels tax receipts were less than the estimate, the \$12.8 million that was planned for revenue staring adjustments were not dispersed. He also verified that the vehicle usage tax goes to the Road Fund. Chair Higdon emphasized the 26 cents per gallon being received on motor fuels tax for FY 2025 was the same amount being received in 2011, while project costs have significantly increased.

In response to Representative Lehman, Director McKiernan stated the rise in electric and hybrid vehicle usage is a factor in the decrease of motor fuels tax receipts.

In response to Chair Higdon, Director McKiernan stated the bond payment has been made on the Louisville-Ohio River Bridges.

In response to Representative Heavrin, Deputy Secretary Hancock stated projects are being let and completed as fast as possible.

In response to Senator Douglas, Deputy Secretary Hancock stated that any time there is a right-of-way purchase, the person that is being affected has rights, and as those rights are exercised, sometimes that process takes longer than anticipated. He stated it is important to note that KYTC is following all the rules governing right-of-way acquisitions.

In response to Representative Donworth, Deputy Secretary Hancock stated employees working on disaster relief are mostly different from those currently working on ongoing projects, with an occasional overlap.

In response to Chair Higdon, Deputy Secretary Hancock stated the total awards for projects are usually calculated on a calendar year basis. Through July, contract awards total just under \$1 billion, and the cabinet is on track to exceed last year's total of about \$1.3 billion.

In response to Chair Higdon, Deputy Secretary Hancock explained the cash management system.

In response to Representative Hodgson, Deputy Secretary Hancock explained the over subscription of projects.

In response to Chair Higdon, Director McKiernan stated bond figures were not available at this time but could be provided at a later date. He also briefly explained the new driver's license system that will be rolled out soon.

In response to Representative Roarx, Deputy Secretary Hancock stated he is unaware of any substantive changes that will be occurring in federal aid funding.

Rural - Secondary Road Needs

Bobbi Jo Lewis, Commissioner, Department of Rural and Municipal Aid, KYTC; Craig Caudill, Transportation Engineering Branch Manager, Rural Secondary Roads, KYTC; and Christie Ross, Executive Advisor, Commissioner's Office, Rural Secondary Roads, KYTC, briefed the committee on rural and secondary road needs.

Commissioner Lewis explained the three major funds administered by the department for the construction, reconstruction, and maintenance of various roads. The Rural Secondary fund, 22.2 percent of motor fuels taxes, is used for rural secondary roads. The County Road Aid Fund, 18.3 percent of motor fuels taxes, is used for county roads. The Municipal Road Aid allotment, 7.7 percent of motor fuels taxes, is used for urban roads and city streets. She explained how each of the funds are distributed to counties and cities, as well as a more detailed explanation of the Rural Secondary Program.

In response to Senator Berg, Commissioner Lewis stated the initial distribution of the rural secondary funding cannot be politically reprioritized or redistributed.

In response to Chair Higdon, Commissioner Lewis stated just a little over \$70 million comes down to the districts for paving. She added approximately \$35 million per year is needed to sustain current needs.

In response to Representative Upchurch concerning the County Judge/Executive (CJE) stipend of \$3,600 per year, Commissioner Lewis stated she does not believe the amount is changing, but rather it is being phased out. In response to a follow-up question, Commissioner Lewis stated the stipend is taxable income.

In response to Representative Hale asking how CJEs can request a change to highway

districts, Deputy Secretary Hancock stated there is not a prescribed process, and the allocation of districts and counties within districts has been in place for decades. He encouraged discussion to resolve any issues within those districts.

In response to Chair Higdon, Commissioner Lewis stated in order to find out if a road is a rural secondary road or a state road, the maps function on the KYTC website is helpful.

Commercial Airport Updates

Eric Frankl, Executive Director, LEX, gave a general overview and update on operations of LEX. He shared forecasted activity for 20 years, and stated significant expansion is needed. Future projects were discussed, including roadway and parking expansion, terminal expansion, and air traffic control tower relocation. Mr. Frankl shared LEX's annual economic impact of \$709 million, highlighting jobs provided and annual total payroll for those positions.

Representative Donworth praised the growth of LEX.

Dann Mann, Executive Director, Louisville Regional Airport Authority, gave a brief update on the Louisville Muhammad Ali International Airport (SDF), which is the third busiest cargo airport in North America, and the fifth busiest cargo airport in the world. He also discussed Bowman Field, which is the longest, continuously operating general aviation airport, and the busiest general aviation airport in the Commonwealth with over 140,000 annual operations. Bowman Field also prepares future aviation leaders by providing flight schools to train future pilots and aviation professionals. Mr. Mann spoke about the economic impact of both airports as well as recently completed projects and future investment for improvement projects, including a need for parking expansion.

Larry Krauter, Chief Executive Officer, CVG, briefed the committee on CVG's operations as well as economic impact, DHL and Amazon hubs, and maintenance hangar facilities. He highlighted Epic Academy, a private aircraft mechanic school, which supports up to 25 students per class and up to 10 separate, concurrent classes. Capital projects and investments were discussed such as the CVG Global Logistics Park, as well as the important role alternative jet fuels play in job creation and expansion, infrastructure modernization, and enhancing competitiveness of Kentucky airports. Opportunities for Kentucky aviation industry growth were discussed.

Representative Lehman discussed CVG being the only international airport where after passengers clear customs, they go back through security. He stated this is a major deterrent for people choosing to fly with CVG. Mr. Krauter stated he is aware of the issue but it is caused because of the design when CVG was the Delta hub. The Federal Inspection Service (FIS) is in the wrong location, and a new FIS facility needs to be placed in a proper

location, which would eliminate that extra security process.

In response to Senator Williams concerning Kentucky's international exposure, Mr. Krauter stated Kentucky has not been present at major international aviation shows, but they are hoping to attend a major show in the future.

Adjournment

With no further business to come before the committee, Chair Higdon adjourned the meeting at 3:01 PM.