AN ACT relating to transportation and making an appropriation therefor.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

SECTION 1. A NEW SECTION OF KRS CHAPTER 174 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky Transportation Board is established, and shall perform the duties outlined in Section 2 of this Act.

(2) (a) The board shall consist of nine (9) voting members, and the secretary of the Transportation Cabinet, who shall serve as an ex officio, nonvoting member.

(b) The nine (9) voting members shall be citizens of the Commonwealth who shall be appointed by the Governor in accordance with subsections (3) and (4) of this section.

(c) Of the nine (9) voting members:

1. Six (6) shall be residents of and represent each of the six (6) congressional districts in the Commonwealth; and

2. Three (3) shall be at-large members, with at least one (1) at-large member residing in an urbanized area as defined by the United States Census Bureau, and at least one (1) at-large member residing outside an urbanized area or urban cluster as defined by the United States Census Bureau.

(3) (a) The governing bodies of each of the following organizations shall nominate voting members to the board:

1. The Kentucky Association of Counties;

2. The Kentucky League of Cities; and

3. The Kentucky Chamber of Commerce.

(b) For initial appointments to the board, each of the organizations identified in paragraph (a) of this subsection shall nominate persons who meet the
qualifications set out in subsection (6) of this section as candidates for
appointment as members of the board as follows:

1. One (1) person from each of the six (6) congressional districts of the
   Commonwealth; and

2. Three (3) persons from the state at large, in accordance with the
guidelines set out in subsection (2)(c)2. of this section.

(c) The Governor shall select the original voting members of the board from
the aggregation of the lists provided pursuant to this subsection, with three
(3) appointments being chosen from each list.

(d) No more than two (2) members of the board shall reside in the same
congressional district.

(e) No more than five (5) of the nine (9) voting members shall be of the same
   political party, based on the political affiliation of the appointee as of
   December 31 of the year preceding his or her appointment to the board.

(f) All appointments to the Kentucky Transportation Board shall be subject to
   confirmation by the Senate in accordance with KRS 11.160.

(4) (a) After initial appointments to the board expire, three (3) members of the
   board shall be a nominee of each of the three (3) nominating entities
   outlined under subsection (3) of this section.

(b) Appointments to fill a vacancy shall be made from nominations tendered by
   the organization enumerated in subsection (3) of this section which
   nominated the departing member. Each organization shall make three (3)
   nominations for each respective vacancy. The nominees shall satisfy the
   residency requirements of subsections (2)(b) and (2)(d) of this section for
   each particular vacant position on the board.

(5) (a) Except for initial appointments specified under paragraph (b) of this
   subsection, all appointments to the board shall be for a term of four (4)
years. A voting member may be appointed for up to two (2) full consecutive
terms.

(b) Initial appointments to the board shall serve staggered terms as follows:

1. The members representing the First and Second Congressional
   Districts shall serve terms that expire August 1, 2021;

2. The members representing the Third Congressional District and one
   (1) of the members representing the state at large shall serve terms
   that expire August 1, 2022;

3. The members representing the Fourth Congressional District and one
   (1) of the members representing the state at large shall serve terms
   that expire August 1, 2023; and

4. The members representing the Fifth and Sixth Congressional Districts
   and one (1) of the members representing the state at large shall serve
   terms that expire August 1, 2024.

(6) (a) In making appointments to the board, the Governor shall appoint citizens
   who have at least five (5) years' experience in the areas of transportation,
   construction, finance, law, environmental issues, management, or
   engineering.

(b) Voting members appointed to the board shall be subject to the terms and
   provisions of the Executive Branch Code of Ethics, as set forth in KRS
   Chapter 11A.

(c) In addition to the restrictions of KRS 11A.040(7), members appointed to the
   board shall not have any interest in any contract awarded by the
   Transportation Cabinet during their service, and for up to two (2) years
   after their service ends.

(7) Vacancies on the board which may occur from time to time shall be filled as
   follows:
(a) Any vacancy which occurs shall be filled for the unexpired term in accordance with the procedures established in subsection (4) of this section.

(b) If any voting member misses more than two (2) consecutive meetings of the board without showing good cause, then that position shall be declared vacant by the board and filled in accordance with subsection (4) of this section.

(c) If a member who has been appointed to represent a congressional district changes residence to outside of that district, then that position shall be declared vacant by the board and filled in accordance with subsection (4) of this section.

(8) The board shall elect a chair and a vice chair from its voting members. The terms of the chair and vice chair shall be for two (2) years.

(9) The board shall meet quarterly and at other times upon call of the chair or a majority of the board.

(10) A quorum shall be a majority of the voting membership of the board.

(11) A quorum shall be required to organize and conduct all business of the board, except that an affirmative vote of:

(a) Five (5) or more members of the board shall be required to approve the recommended biennial highway construction plan and the recommended six (6) year road plan; and

(b) Six (6) or more members of the board shall be required to terminate the employment of the cabinet's secretary.

(12) Voting members shall serve without compensation but shall be reimbursed for all reasonable, necessary, and actual expenses.

(13) The Kentucky Transportation Board shall be attached to the Transportation Cabinet's Office of the Secretary for administrative purposes.

(14) Notwithstanding KRS 12.028, the Kentucky Transportation Board shall not be
subject to reorganization by the Governor.

SECTION 2. A NEW SECTION OF KRS CHAPTER 174 IS CREATED TO READ AS FOLLOWS:

The Kentucky Transportation Board shall have the following powers and duties:

(1) Recommending to the Governor candidates for Transportation Cabinet secretary, in accordance with Section 3 of this Act;

(2) Terminating the employment of the Transportation Cabinet secretary;

(3) Developing and implementing an objective scoring system to rank potential projects for inclusion in the recommended six (6) year road plan and the recommended biennial highway construction plan, in accordance with Section 4 of this Act; and

(4) Developing and approving for submission to the General Assembly a recommended six (6) year road plan, including a recommended biennial highway construction plan, in accordance with Section 6 of this Act.

SECTION 3. A NEW SECTION OF KRS CHAPTER 174 IS CREATED TO READ AS FOLLOWS:

(1) In the selection and appointment of the Transportation Cabinet secretary, the board shall:

(a) Set the qualifications for the position, which shall, at a minimum, include possessing a broad knowledge of the administrative, financial, and technical aspects of the development, operation, and regulation of transportation systems and facilities or comparable systems and facilities;

(b) Conduct a search for candidates; and

(c) Select candidates for the consideration of the Governor in accordance with subsection (2) of this section.

(2) The names of the three (3) candidates shall be submitted to the Governor, who shall choose one (1) of them as secretary, except that, the Governor may direct
the board to submit a list of three (3) additional names. If the Governor requests a second list of candidates from the board, he or she shall appoint the secretary from one (1) of the six (6) names submitted by the board.

(3) The Transportation Cabinet secretary shall be subject to confirmation by the Senate in accordance with KRS 11.160.

(4) In accordance with Section 12 of this Act, once appointed, the secretary shall serve at the pleasure of the board. The board may terminate the employment of the secretary by a vote of six (6) or more members.

SECTION 4. A NEW SECTION OF KRS CHAPTER 174 IS CREATED TO READ AS FOLLOWS:

(1) The General Assembly declares it to be in the public interest that a prioritization process for certain projects paid for out of the road fund be developed and implemented to improve the efficiency and effectiveness of the state's transportation system, transportation safety, transportation accessibility for people and freight, environmental quality, and economic development in the Commonwealth.

(2) Subject to the limitations in subsection (3) of this section, the Kentucky Transportation Board shall develop, in accordance with federal transportation requirements, and in cooperation with metropolitan planning organizations in the Commonwealth, a statewide prioritization process for the use of funds apportioned pursuant to 23 U.S.C. sec. 104. This prioritization process shall be used for the development of the recommended biennial highway construction plan and the recommended six (6) year highway plan pursuant to Section 6 of this Act.

(a) The prioritization process shall be based on an objective and quantifiable analysis that considers, at a minimum, the following factors relative to the cost of the project or strategy:
1. Congestion mitigation;

2. Economic development;

3. Accessibility;

4. Safety; and

5. Asset management.

(b) The Kentucky Transportation Board shall weight the factors used in paragraph (a) of this subsection for each of the Transportation Cabinet's highway districts. Within each highway district, the board may assign different weights to the factors, based on the unique needs and qualities of each highway district.

(c) The Kentucky Transportation Board shall solicit input from localities, metropolitan planning organizations, transit authorities, transportation authorities, and other stakeholders in its development of the prioritization process pursuant to this section. Further, the board shall explicitly consider input provided by an applicable metropolitan planning organization when developing the weighting of factors pursuant to paragraph (b) of this subsection for a metropolitan planning area with a population over two hundred thousand (200,000) individuals.

(3) The prioritization process developed under subsection (2) of this section shall not apply to the following:

(a) Projects not included in the recommended biennial highway construction plan and the recommended six (6) year road plan that are paid for with bridge and pavement maintenance funds;

(b) Projects funded by the congestion mitigation air quality funds apportioned to the state pursuant to 23 U.S.C. sec. 104(b)(4) and state matching funds;

(c) Projects funded by metropolitan planning program funds apportioned to the state pursuant to 23 U.S.C. sec. 104(b)(6) and state matching funds;
(d) Projects funded by the highway safety improvement program funds apportioned to the state pursuant to 23 U.S.C. sec. 104(b)(3) and state matching funds;

(e) Projects funded by the rural secondary road program under KRS 177.020;

and

(f) Projects funded by federal programs established by the federal government after June 30, 2014, with specific rules that restrict the types of projects that may be funded, excluding restrictions on the location of projects with regard to highway functional classification.

(4) The Kentucky Transportation Board shall make public a schedule explaining various phases of the project identification, evaluation and selection process, including dates identifying the conclusion of each phase.

SECTION 5. A NEW SECTION OF KRS CHAPTER 174 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky Transportation Board shall develop the recommended biennial highway construction plan and the recommended six (6) year road plan for submission to the General Assembly in a transparent manner that provides to the public, elected officials, and other stakeholders the opportunity to engage and comment in a meaningful manner prior to the adoption of the plan.

(2) No later than thirty (30) days prior to a vote to include a project, scored under the prioritization process outlined in Section 4 of this Act, in the recommended biennial highway construction plan or the recommended six (6) year road plan, the board shall make public, in an accessible format:

(a) A recommended list of projects for inclusion based on the results of the evaluation;

(b) The results of the initial screening of candidate projects and strategies which determined the projects that were evaluated by the board, including
the analysis behind the results;

(c) The results of the evaluation of all candidate projects and strategies, including the project scores, weighting of factors, and the criteria used to determine the value of each factor; and

(d) A document outlining the analysis and scoring metrics used in determining project scores.

(3) No later than thirty (30) days prior to the vote to include a pavement or bridge improvement project in the recommended biennial highway construction plan or the recommended six (6) year road plan, the Transportation Cabinet shall make public, in an accessible format, a list of projects eligible for these funds that the cabinet recommends for inclusion. These projects shall be drawn from the listing of prioritized pavement and bridge needs published by the cabinet pursuant to Section 8 of this Act.

(4) The board may modify the recommended list of projects in subsections (2) or (3) of this section through formal action.

Section 6. KRS 176.430 is amended to read as follows:

(1) The Kentucky Transportation Board, with the assistance of the Transportation Cabinet, shall undertake a continuing study of the needs of the highways under its jurisdiction for the purpose of bringing existing facilities to acceptable standards or for the replacement of existing facilities when required.

(2) The Kentucky Transportation Board shall develop a recommended six (6) year road plan that identifies the individual transportation projects or portions thereof that are scheduled to be constructed in each county. The recommended six (6) year road plan shall include a recommended biennial highway construction plan. The recommended six (6) year road plan and recommended biennial highway construction plan shall be submitted to the General Assembly as required by KRS 48.110(6)(f). The six (6) year road plan shall include but shall not be limited to the
following information for each project:

(a) The county name;
(b) The Kentucky Transportation Cabinet project identification number;
(c) The route where the project is located;
(d) The length of the project;
(e) A description of the project and the scope of improvement;
(f) The type of local, state, or federal funds to be used on the project;
(g) The stage of development for the design, right-of-way, utility, and construction phase;
(h) The fiscal year in which each phase of the project should commence;
(i) The estimated cost for each phase of the project; and
(j) The estimated cost to complete the project.

(3) The Transportation Cabinet shall identify projects in the six (6) year road plan that may, in accordance with this section, be advanced from later years, to maximize the use of all funds available to the cabinet, and to plan for the historical precedent of projects being delayed due to unforeseen circumstances. As required by KRS 48.110, the Governor shall submit to the General Assembly, as part of the recommended biennial highway construction plan, a list of projects from the last four (4) years of the six (6) year road plan, not to exceed ten percent (10%) of the recommended biennial highway construction appropriation, which can be advanced if additional money is received and all projects included in the enacted biennial highway construction plan have been advanced or completed to the extent possible.

(4) In developing the design, right-of-way, utility, and construction phase of each project, the following factors shall be considered but are not exclusive:
(a) Alignment of existing roads;
(b) The width or elevation of existing roadways and shoulder surfaces;
(c) The width of rights-of-way;
(d) The cost of each phase of the project plus a separate identification of the cabinet's administrative costs for each phase;
(e) The type and volume of traffic;
(f) The condition of structures and drainage;
(g) The accident rate;
(h) The geographic distribution of roadways to be constructed or reconstructed;
(i) The social, economic, and environmental impact of the proposed project.

(5) The Transportation Cabinet shall, on a monthly basis, transmit electronically to the General Assembly through the Legislative Research Commission a report on all activity relating to all projects with open activity conducted by the Transportation Cabinet during the biennium. The data for each project shall contain all cabinet activity on projects funded through the road fund, including resurfacing and rural and secondary projects, and shall also include but not be limited to the following:
(a) District number and project item number, which shall remain in effect throughout the entire life of the project, subject to the following conditions:
1. A project split into more than one (1) project during its life shall maintain the same item number with a suffix;
2. Two (2) or more projects merged shall be identified by the new merged project maintaining the project item number of one (1) of the projects being merged. The total cost of the merged project shall be set forth; and
3. A project that has been merged with another project and all funds authorized for the initial project that is subsequently shifted to the new merged project shall remain in the six (6) year road plan and shall be identified with a cross reference to the superseded project and superseded project item number;
(b) The county name and county number;

(c) The route prefix, route number, and route suffix;

(d) Termini description including beginning milepoint and ending milepoint;

(e) Type of work;

(f) Length of the project in miles;

(g) Project authorization system number, date the project was authorized, the TD-10 number authorizing the project, and the amount authorized;

(h) Year the project was enacted in a six (6) year road plan, and the notation "A" if the project is active and the notation "I" if the project is inactive;

(i) The phase code "P" for the planning phase, "D" for the design phase, "R" for the right-of-way phase, "U" for the utility phase, and "C" for the construction phase;

(j) The original estimate, fund code, and fiscal year each phase is expected to begin as enacted in the six (6) year road plan;

(k) The current estimate, fund code, and fiscal year each phase is expected to begin;

(l) The status of funding for each phase;

(m) The date current information has been changed for each phase;

(n) The letting date for each phase;

(o) Total number of right-of-way parcels, deeds signed, suits filed, and right-of-way entries completed;

(p) The date right-of-way plans are to be submitted to the central office in Frankfort and the status of right-of-way plans;

(q) Total utility relocations to be completed and the actual number completed;

(r) The award date, the construction project code number, and the award amount for the construction phase;

(s) The total number of contract change orders issued for each phase, the date of
the most recent change order, and the net change order amount for each phase;

(t) The name of the contractor, the contractor's vendor number in the Statewide accounting system, current contract amount, and the current amount earned by the contractor;

(u) The estimated date for completion of the project, current percentage of work completed based upon time, and the actual contract completion date;

(v) The department's engineer's estimate for the project; and

(w) Total expenditures by phase.

(6) The department shall transmit electronically to the General Assembly, through the Legislative Research Commission, notification of a project in the enacted biennial highway construction plan of which the department will not undertake a phase in the year scheduled in the plan. Information transmitted under this subsection shall include all the information enumerated in subsection (5) of this section, along with a statement from the department as to the reason the project will be delayed and an estimated timeline for beginning the project, or the reason the project will not be undertaken. Notification under this section shall occur:

(a) For projects that will not be undertaken, within three (3) days of the determination not to undertake the project; and

(b) For projects that will be delayed, no later than June 1 of each year.

(7) The department shall, transmit electronically to the General Assembly, through the Legislative Research Commission, data on the activity on all state resurfacing projects and all rural secondary projects that shall include as much applicable information as possible as identified in subsection (5) of this section.

(8) In implementing the enacted biennial highway construction plan, the Transportation Cabinet may expend funds necessary to complete the projects authorized, amended only by variations necessitated by bid or unforeseen
section 7. krs 48.110 is amended to read as follows:

Each branch budget recommendation shall contain a complete financial plan for the branch of government for each of the next two (2) fiscal years. Each branch budget recommendation shall include:

1. A budget message signed by:
   a. The Governor for the executive branch;
   b. The Chief Justice for the judicial branch; and
   c. The co-chairmen of the Legislative Research Commission for the legislative branch;

2. (a) Statements of income and receipts for the two (2) fiscal years last concluded, and the estimated income and receipts, for each budget unit of the branch of government for the current fiscal year and each of the next two (2) fiscal years.
   b. The statements of income and estimated income shall be itemized by budget unit and fund, and shall show separately receipts from:
      1. Current income;
      2. Refunds and reimbursements of expenditures;
      3. The sale of assets; and
      4. Receipts on account of the income of prior years.
   c. Existing sources of income and receipts shall be analyzed as to their equity, productivity and need for revision, and any proposed new sources of income
or receipts shall be explained;

(3) A statement of the surplus in any account and in any special fund of the branch of government. If a surplus exists in any account of the branch of government the statement shall show the excess of all current assets over all current liabilities as of the beginning of each of the two (2) fiscal years last concluded, and all changes in these accounts during each of such two (2) fiscal years;

(4) A statement as of the close of the last completed fiscal year and as of the close of the current fiscal year showing, for each budget unit the total funded debt, the value of sinking fund assets, the net funded debt, the floating liabilities as of the end of the current fiscal year, and the total debt as of the close of the last completed fiscal year and as of the close of the current fiscal year;

(5) Summary and detailed comparative statements of expenditures itemized by budget unit for each of the two (2) fiscal years last concluded and requests for appropriations by funds or accounts, the budget of the current year, and the recommendations for appropriations for each of the next two (2) fiscal years. Following the lists of actual and proposed expenditures of each budget unit there shall be a detailed explanation of the actual and proposed expenditures, to include activities, beneficiaries and expected results of the programs or services of the budget units;

(6) A draft of the proposed branch budget bill containing:

(a) Recommendations of the branch of government for appropriations for the next two (2) fiscal years, and drafts of such revenue and other acts as may be recommended for implementing the proposed financial plan;

(b) Recommended appropriations for extraordinary expenses and capital outlays, which shall be itemized in the proposed branch budget bill for the branch by budget unit. The title of each budget unit shall be worded to limit each appropriation to the specific use or purpose intended;
(c) A plan for the reduction of the branch budget if there is a revenue shortfall of five percent (5%) or less in the general fund or road fund. In recommending budget reductions, the Governor, the Chief Justice, and the Legislative Research Commission shall not recommend universal percentage reductions, but shall weigh the needs of all budget units and shall strive to protect the highest possible level of service in their respective branches. Services which are not essential to constitutional functions shall be subject to reduction. Transfer of funds may be authorized by the budget reduction plan;

(d) 1. A plan for the expenditure of a general fund or road fund surplus of up to two and one-half percent (2.5%).

2. The plan shall include provisions for the expenditure of a surplus, and may provide for additional moneys for nonrecurring expenditures for which an appropriation was not made in a branch budget bill, or for a program or service authorized by law for which an appropriation was not made, or which was not fully funded.

3. In lieu of recommending the appropriation of funds, the plan may instead recommend the retention of surplus funds in the surplus account of the general fund or road fund for investment until appropriated by the General Assembly;

(e) 1. A recommended state capital projects program and a recommended program for the purchase of major items of equipment.

2. The recommended capital construction program shall include:

a. A complete list and summary description of each specific capital construction project recommended for funding during the biennium; and

b. For each project:

i. The agency and purpose for which it will be used;
ii. The justification for the project;

iii. Its estimated completion date;

iv. The total estimated cost of completing the project;

v. The estimated cost of the project during the biennium;

vi. The recommended sources of funds for the entire project;

and

vii. The dollar amounts recommended for appropriation and the dollar amounts, listed by source, that are anticipated from every other source of funds for the biennium.

3. All information required by subparagraph 2. of this paragraph shall be included in each branch budget recommendation. Each branch budget bill shall contain only a complete list of the specific capital construction projects recommended for funding during the biennium and, for each project, the information specified in subparagraph 2.b.v., vi., and vii. of this paragraph.

4. A report which details the effect of recommended new debt on the debt position of the Commonwealth shall be submitted at the same time the recommended capital program is submitted. Information shall be presented separately, and in total, for the general fund, road fund, and any affected restricted fund account.

5. Information in the report shall include but not be limited to the following:

   a. Debt service on existing appropriation-supported debt, as a percentage of anticipated total revenues;

   b. Debt service on existing appropriation-supported debt, as a percentage of anticipated available revenues;

   c. The sum of debt service on existing appropriation-supported debt
and debt service on recommended new appropriation-supported debt, as a percentage of anticipated total revenues;

d. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of anticipated available revenues;

e. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of estimated state total personal income; and

f. The sum of existing appropriation-supported debt and recommended new appropriation-supported debt, as a percentage of estimated state total personal income.

6. The recommended program for the purchase of major items of equipment submitted by the head of each branch of government shall include:

a. A complete list and summary description of each specific major item of equipment recommended for purchase during the biennium; and

b. For each major item of equipment:

i. The agency and purpose for which it will be used;

ii. The justification for the purchase;

iii. The estimated cost of the item, including ancillary expenses and any expenses necessary to make the equipment functional and operational;

iv. The recommended sources of funds; and

v. The dollar amounts recommended for appropriation and anticipated from every other source of funds for the purchase.
7. All information required by subparagraph 5. of this paragraph shall be included in the executive branch budget recommendation. The branch budget bill for the executive branch shall contain only a complete list of each specific item of major equipment recommended for purchase during the biennium and, for each item, the information specified in subparagraph 6.b.iii., iv., and v. of this paragraph;

(f) The branch budget recommendation for the Transportation Cabinet shall include the following information:

1. A separate branch budget bill;

2. A recommended biennial highway construction plan, which shall be approved by the Kentucky Transportation Board established under Section 1 of this Act, presented as a separate bill, and which shall include a list of individual transportation projects included in the last four (4) years of the six (6) year road plan, not to exceed ten percent (10%) of the recommended biennial highway construction appropriation, which can be advanced if:

   a. Additional funds are received; and

   b. All projects included in the biennial highway construction plan have been advanced or completed to the extent possible; and

3. The six (6) year road plan, which shall be approved by the Kentucky Transportation Board established under Section 1 of this Act. The Governor shall have ten (10) working days after submission of the branch budget recommendation and the recommended biennial highway construction plan to submit the six (6) year road plan. The six (6) year road plan shall be submitted in a form and format cooperatively developed by the Transportation Cabinet, the Kentucky Transportation Board, and the General Assembly and approved by the Legislative
Research Commission; and

1. In the executive branch budget recommendation, as a separate section, an amount sufficient to meet unexpected contingencies or emergencies, including but not limited to natural or man-made disasters, civil disorders, court orders requiring or resulting in the expenditure of state funds, or other related causes.

2. The amount shall be based on the nature, type, and frequency of named categories of events which may, from past experience, be reasonably anticipated.

3. This portion of the budget recommendation shall detail similar incidents and the nature and amount of the expenditures for each during the ten (10) years immediately preceding.

The total amount of appropriations recommended from any fund shall not exceed the cash resources estimated to be available and to become available to meet expenditures under the appropriations;

(7) A certificate of the branch of government as to the accuracy of the statements of financial condition, of income and receipts, and of expenditures; and

(8) Such other information as is deemed desirable, or is required by law or regulation.

Section 8. KRS 176.050 is amended to read as follows:

The department shall:

(a) Investigate all problems relating to the construction and maintenance of roads in the state;

(b) Examine all projects and ascertain the feasibility of all routes;

(c) Obtain information as to the proper type of road for any project;

(d) Examine all types of road materials which may be used in the construction or maintenance of any road to be constructed by the department or under its direction or supervision;
(e) Require the design plans for all road projects constructing a new route to identify, if at all feasible, one (1) or more publicly owned sites at least four (4) acres in size, along the proposed new route that will be used as waste sites during the construction phase of the project but that have the potential for a city, county, or other governmental entity to turn the site into an industrial park upon completion of the road project, regardless of whether the site currently has the infrastructure necessary to support an industrial park;

(f) Consult with all legislative bodies affected by a new road construction project during the design phase for the purpose of soliciting local government officials' preferences for the location of waste sites that could be turned into an industrial park;

(g) From time to time, examine and have examined and audited all of its books, papers and records;

(h) Cause to be made all necessary surveys in the establishment and construction of the system of public highways; all necessary maps, prints, plans and specifications of all work to be done on the roads; estimates of costs; advertisement for bids; contracts for construction or maintenance; and all necessary forms in connection therewith;[and]

(i) On or before September 1, 2020, and annually thereafter, publish a prioritized list of bridge and pavement improvement needs, based on safety and state of disrepair. This list shall be published on the Transportation Cabinet's Web site and transmitted electronically to the General Assembly through the Legislative Research Commission; and

(j) Promulgate administrative regulations under KRS Chapter 13A for the care and maintenance of roads after they have been constructed.

(2) The department may publish bulletins containing useful information concerning the construction and maintenance of roads.
(3) An invoice or bill to be paid out of the road or bridge funds shall not be approved
by the department for payment until it has been carefully examined by the
department to ascertain if the bill or invoice is in every respect a proper and
legitimate charge against the road or bridge funds. The commissioner may call
before him any person who may have information respecting any bill or invoice.

Section 9. KRS 174.020 is amended to read as follows:

(1) The Transportation Cabinet shall consist of the following major organizational
units:

(a) The Office of the Secretary, which shall include, but not be limited to:

1. The secretary to be appointed by the Governor under KRS 12.255 and

Section 3 of this Act; and

2. The deputy secretary appointed by the secretary.

The Kentucky Transportation Board established in Section 1 of this Act
shall be attached to the Office of the Secretary for administrative
purposes [under KRS 12.040];

(b) The Department of Highways, headed by a commissioner, appointed by the
secretary [Governor under KRS 12.040];

(c) The Department of Vehicle Regulation, headed by a commissioner, appointed
by the secretary [Governor under KRS 12.040]. The Motor Vehicle
Commission established in KRS 190.058 shall be attached to the Department
of Vehicle Regulation for administrative purposes;

(d) The Department of Rural and Municipal Aid, headed by a commissioner
appointed by the secretary [Governor under KRS 12.040];

(e) The Department of Aviation, headed by a commissioner appointed by the
secretary [Governor under KRS 12.040]. The Kentucky Airport Zoning
Commission established by KRS 183.861 shall be attached to the Department
of Aviation for administrative purposes;
(f) The Office of Support Services, headed by an executive director appointed by the secretary;  
(g) The Office of Transportation Delivery, headed by an executive director appointed by the secretary;  
(h) The Office of Audits, headed by an executive director appointed by the secretary;  
(i) The Office of Human Resource Management, headed by an executive director appointed by the secretary;  
(j) The Office of Information Technology, headed by an executive director appointed by the secretary;  
(k) The Office of Legal Services, headed by an executive director appointed by the secretary;  
(l) The following offices, which shall be attached to the Office of the Secretary:  
   1. The Office of Public Affairs, headed by an executive director appointed by the secretary;  
   2. The Office of Budget and Fiscal Management, headed by an executive director appointed by the secretary;  
   3. The Office for Civil Rights and Small Business Development, headed by an executive director appointed by the secretary; and  
   4. The Office of Inspector General, headed by an executive director appointed by the secretary;  
(m) The following offices, which shall be attached to the Department of Highways:  
   1. The Office of Project Development, headed by an executive director appointed by the secretary, who shall be a registered professional engineer under KRS Chapter 322, and who shall
be known as the deputy state highway engineer for project development;

2. The Office of Project Delivery and Preservation, headed by an executive
director appointed by the secretary under KRS 12.040, who shall be a
registered professional engineer under KRS Chapter 322, and who shall
be known as the deputy state highway engineer for project delivery and
preservation;

3. The Office of Highway Safety, headed by an executive director
appointed by the secretary under KRS 12.040; and

4. Highway District Offices One through Twelve, each district office to be
headed by an executive director, also known as the chief district
ingineer, appointed by the secretary under KRS 12.040, who shall be a
registered professional engineer under KRS Chapter 322; and

(n) The following offices, which shall be attached to the Department of Rural and
Municipal Aid:

1. Office of Local Programs, headed by an executive director appointed by
the secretary under KRS 12.040; and

2. Office of Rural and Secondary Roads, headed by an executive director
appointed by the secretary under KRS 12.040.

(2) Notwithstanding the provisions of KRS 12.040, the following positions shall be
appointed by the secretary:

(a) The deputy secretary;

(b) All department heads and other appointed positions listed in paragraphs (b)
to (n) of subsection (1) of this section; and

(c) All other unclassified employees of the cabinet.

(3) The position of director in the Division of Environmental Analysis is a policy-
making position under KRS 18A.175.

⇒ Section 10. KRS 176.020 is amended to read as follows:
(1) With prior approval of the [Governor and the] secretary in writing, the commissioner of highways shall appoint as state highway engineer, a civil engineer who has had at least six (6) years executive engineering experience in the design, supervision, and construction of highways. He or she shall be the technical advisor to the commissioner of highways, and under the direction of the commissioner, he or she shall supervise all construction and maintenance work of the department and perform such other duties as are assigned [to him] by the commissioner.

(2) With prior approval of the secretary and pursuant to KRS Chapter 12, the department shall be divided into such divisions as the commissioner of highways may deem necessary to perform the duties and functions of the department. Each division shall perform the duties assigned to it by the commissioner of highways and shall be headed by a director who shall act under the direction and supervision of the commissioner of highways.

Section 11. KRS 11A.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Business" means any corporation, limited liability company, partnership, limited partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, joint stock company, receivership, trust, or any legal entity through which business is conducted, whether or not for profit;

(2) "Commission" means the Executive Branch Ethics Commission;

(3) "Compensation" means any money, thing of value, or economic benefit conferred on, or received by, any person in return for services rendered, or to be rendered, by himself or another;

(4) "Family" means spouse and children, as well as a person who is related to a public servant as any of the following, whether by blood or adoption: parent, brother, sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-
in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister;

(5) "Gift" means a payment, loan, subscription, advance, deposit of money, services, or anything of value, unless consideration of equal or greater value is received; "gift" does not include gifts from family members, campaign contributions, the waiver of a registration fee for a presenter at a conference or training described in KRS 45A.097(5), or door prizes available to the public;

(6) "Income" means any money or thing of value received or to be received as a claim on future services, whether in the form of a fee, salary, expense allowance, forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, or any other form of compensation or any combination thereof;

(7) "Officer" means:

(a) All major management personnel in the executive branch of state government, including the secretary of the cabinet, the Governor's chief executive officers, cabinet secretaries, deputy cabinet secretaries, general counsels, commissioners, deputy commissioners, executive directors, executive assistants, policy advisors, special assistants, administrative coordinators, executive advisors, staff assistants, and division directors;

(b) Members and full-time chief administrative officers of:

1. The Parole Board;
2. Kentucky Claims Commission;
3. Kentucky Retirement Systems board of trustees;
4. Kentucky Teachers' Retirement System board of trustees;
5. The Kentucky Public Employees Deferred Compensation Authority board of trustees;
6. Public Service Commission;
7. Worker's Compensation Board and its administrative law judges;
8. The Kentucky Occupational Safety and Health Review Commission;
9. The Kentucky Board of Education;
10. The Council on Postsecondary Education; and

11. **The Kentucky Transportation Board:**

   (c) Salaried members of executive branch boards and commissions; and
   (d) Any person who, through a personal service contract or any other contractual employment arrangement with an agency, performs on a full-time, nonseasonal basis a function of any major management position listed in this subsection;

(8) "Official duty" means any responsibility imposed on a public servant by virtue of his or her position in the state service;

(9) "Public servant" means:

   (a) The Governor;
   (b) The Lieutenant Governor;
   (c) The Secretary of State;
   (d) The Attorney General;
   (e) The Treasurer;
   (f) The Commissioner of Agriculture;
   (g) The Auditor of Public Accounts;
   (h) All employees in the executive branch including officers as defined in subsection (7) of this section and merit employees; and
   (i) Any person who, through any contractual arrangement with an agency, is employed to perform a function of a position within an executive branch agency on a full-time, nonseasonal basis;

(10) "Agency" means every state office, cabinet, department, board, commission, public corporation, or authority in the executive branch of state government. A public servant is employed by the agency by which his or her appointing authority is
employed, unless his or her agency is attached to the appointing authority's agency for administrative purposes only, or unless the agency's characteristics are of a separate independent nature distinct from the appointing authority and it is considered an agency on its own, such as an independent department;

(11) "Lobbyist" means any person employed as a legislative agent as defined in KRS 6.611(23) or any person employed as an executive agency lobbyist as defined in KRS 11A.201(8);

(12) "Lobbyist's principal" means the entity in whose behalf the lobbyist promotes, opposes, or acts;

(13) "Candidate" means those persons who have officially filed candidacy papers or who have been nominated by their political party pursuant to KRS 118.105, 118.115, 118.325, or 118.760 for any of the offices enumerated in subsections (9)(a) to (g) of this section;

(14) "Does business with" or "doing business with" means contracting, entering into an agreement, leasing, or otherwise exchanging services or goods with a state agency in return for payment by the state, including accepting a grant, but not including accepting a state entitlement fund disbursement;

(15) "Public agency" means any governmental entity;

(16) "Appointing authority" means the agency head or any person whom he or she has authorized by law to act on behalf of the agency with respect to employee appointments;

(17) "Represent" means to attend an agency proceeding, write a letter, or communicate with an employee of an agency on behalf of someone else;

(18) "Directly involved" means to work on personally or to supervise someone who works on personally;

(19) "Sporting event" means any professional or amateur sport, athletic game, contest, event, or race involving machines, persons, or animals, for which admission tickets
are offered for sale and that is viewed by the public;

(20) "Person" means an individual, proprietorship, firm, partnership, limited partnership, joint venture, joint stock company, syndicate, business or statutory trust, donative trust, estate, company, corporation, limited liability company, association, club, committee, organization, or group of persons acting in concert; and

(21) "Salaried" means receiving a fixed compensation or benefit reserved for full-time employees, which is paid on a regular basis without regard to the actual number of hours worked.

Section 12. KRS 63.080 is amended to read as follows:

(1) Except as provided in subsection (2) and (5) of this section, and otherwise provided by law, any person appointed by the Governor, either with or without the advice and consent of the Senate, may be removed from office by the Governor for any cause the Governor deems sufficient, by an order of the Governor entered in the executive journal removing the officer.

(2) (a) Except as provided in subsections (3) and (4) of this section, members of the board of trustees of the University of Kentucky, the board of trustees of the University of Louisville, members of the board of regents respectively of Eastern Kentucky University, Western Kentucky University, Morehead State University, Kentucky State University, Northern Kentucky University, Murray State University, and the Kentucky Community and Technical College System shall not be removed except for cause.

(b) Members of the Kentucky Board of Education and the Council on Postsecondary Education shall not be removed except for cause.

(c) A member of a board of trustees or board of regents specified in paragraph (a) of this subsection may be removed for cause as follows:

1. The Governor or the board of trustees or board of regents, as applicable, shall notify, in writing, the member and the Council on Postsecondary
Education that the member should be removed for cause and shall
specify the conduct warranting removal;

2. The member shall have seven (7) days to voluntarily resign or to provide
evidence to the Council on Postsecondary Education that the member's
conduct does not warrant removal;

3. Within thirty (30) days after receipt of notice from the Governor or the
board, the Council on Postsecondary Education shall review the written
notice, investigate the member and the conduct alleged to support
removal, and make a nonbinding recommendation, in writing, to the
Governor as to whether the member should be removed, a copy of which
shall also be provided to the Legislative Research Commission;

4. The Governor shall then make a determination, in writing, whether the
member should be removed and shall notify the member, the applicable
board, the Council on Postsecondary Education, and the Legislative
Research Commission of the determination; and

5. If the Governor's determination is to remove the member, the Governor
shall remove the member by executive order, and shall replace the
member with a new appointment according to the applicable statutes for
the board of trustees or board of regents.

(d) For the purposes of this subsection, a member may be removed for cause for
conduct including but not limited to malfeasance, misfeasance, incompetence,
or gross neglect of duty.

(3) For a board specified in subsection (2)(a) of this section that is required by law to
have proportional representation in its membership based on residence, political
affiliation, gender, minority racial composition, or professional qualifications, the
Governor or other appointing authority may remove any member of the board and
replace him or her with another individual in order to bring the membership into
compliance with the statutory proportional representation requirement for the board, provided that the Governor or other appointing authority shall:

(a) Only exercise the removal authority granted in this subsection if appointment at the end of the next expiring term of a member, or at the end of the next expiring term of members if two (2) or more members' terms expire at the same time, cannot cure the deficiency in the proportional representation requirement;

(b) Remove the fewest number of members necessary to bring the membership into compliance with the proportional representation requirement for the board;

(c) Identify the order in which the members were appointed to their current terms on the board and, beginning with the most recently appointed member who may be removed and replaced to bring the membership into compliance with the proportional representation requirement, remove the member or members according to the length of their tenure on the board, without taking into account any prior term of service on the board by the member;

(d) Provide any member proposed to be removed with the following:

1. Written notice, at least seven (7) days prior to the member's removal from the board, stating the statutory proportional representation requirement that the member does not satisfy; and

2. An opportunity during the seven (7) day notice period for the member to voluntarily resign or to provide evidence to the Governor or other appointing authority that the member does satisfy the proportional representation requirement or that another member on the board who also does not satisfy the requirement has a shorter tenure than the member proposed to be removed;

(e) Replace any removed member with only those individuals who will bring the
board into compliance with the proportional representation requirement; and

(f) Appoint any new member in the same manner as provided by law for the member being removed and to fill the remainder of the removed member's unexpired term.

(4) For a board of trustees or board of regents specified in subsection (2)(a) of this section, the Governor may remove for cause all appointed members of the board and replace the entire appointed membership as follows:

(a) The Governor shall notify, in writing, the board and the Council on Postsecondary Education that the entire appointed membership of the board should be removed for cause and shall specify the conduct warranting removal;

(b) The board or its members shall have seven (7) days to voluntarily resign or to provide evidence to the Council on Postsecondary Education that the conduct of the board or of individual members does not warrant removal;

(c) Within thirty (30) days after receipt of notice from the Governor, the Council on Postsecondary Education shall review the written notice, investigate the board and the conduct alleged to support removal, and make a nonbinding recommendation, in writing, to the Governor as to whether the appointed board membership should be removed, a copy of which shall also be provided to the Legislative Research Commission;

(d) The Governor shall then make a determination, in writing, whether the entire appointed board membership should be removed and shall notify the members, the Council on Postsecondary Education, and the Legislative Research Commission of the determination; and

(e) If the Governor's determination is to remove the entire appointed membership of the board, the Governor shall remove the members by executive order, and shall replace the members with new appointments according to the applicable
statutes for the board of trustees or board of regents.

For the purposes of this subsection, the entire appointed membership of a board of trustees or board of regents may be removed for cause if the board is no longer functioning according to its statutory mandate as specified in the enabling statutes applicable to the board, or if the board membership's conduct as a whole constitutes malfeasance, misfeasance, incompetence, or gross neglect of duty, such that the conduct cannot be attributed to any single member or members.

(5) Members of the Kentucky Transportation Board established under Section 1 of this Act shall not be removed except for cause.

Section 13. Within 10 days of the effective date of this Act, the Governor shall solicit nominations for board membership in accordance with the process outlined in Section 1 of this Act. The Governor shall make initial appointments to the board in an expedited manner so the board may start to conduct its duties under Sections 3, 4, and 5 of the Act.

Section 14. At the initial meeting of the board, the board shall begin the process for the selection of the cabinet secretary in accordance with Section 3 of this Act. Notwithstanding the provisions of KRS 11.160(1)(f), the Transportation Cabinet secretary serving on the effective date of this Act, or his or her successor appointed prior to the establishment of the board, shall continue to serve in the position until a secretary is appointed and confirmed under Section 3 of this Act.