

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2024 REGULAR SESSION**

MEASURE

2024 BR NUMBER 1732

SENATE BILL NUMBER 127 GA

TITLE AN ACT relating to aerospace infrastructure, making an appropriation therefor, and declaring an emergency.

SPONSOR Senator Brandon Storm

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: The Council on Postsecondary Education

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2023-2024	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable	Indeterminable	Indeterminable
EXPENDITURES		Minimum of \$330,000	Minimum of \$330,000	Minimum of \$330,000
NET EFFECT		Indeterminable	Indeterminable	Indeterminable

() indicates a decrease/negative

PURPOSE OF MEASURE: Senate Bill 127 aims to foster collaboration among aviation programs, industry partners, and the Commonwealth of Kentucky, with the goal of enhancing the education and training pipeline for aviation professionals within the state. This legislative initiative establishes the Kentucky Aerospace, Aviation, and Defense Investment Fund, to be administered by the Council on Postsecondary Education (CPE). The bill directs the fund to be divided into two accounts. One designated for appropriations made by the General Assembly and any federal funds received for the program, and one for the money received in the form of gifts, grants, or donations by a grantor. Additionally, it institutes an advisory committee tasked with guiding CPE in executing the mandates outlined in the bill.

The legislation mandates that a minimum of sixty-five percent of the fund be designated for collaborations between aviation programs and industry partners, aimed at providing aviation training scholarships to Kentucky residents enrolled in such programs. Furthermore, up to thirty-five percent of the fund is allocated for aviation equipment partnership contracts between public programs and industry stakeholders, facilitating grants for the procurement, maintenance, or

leasing of aviation equipment by public high school vocational programs or public postsecondary education institutions.

FISCAL EXPLANATION: The fiscal impact of Senate Bill 127 is indeterminable, as the program's funding depends upon future appropriations by the General Assembly, however, the cost to administer the program is estimated at \$330,000 annually. Given that the number of students, public institutions, and aviation industry partnerships interested in the program is currently unknown, it is difficult to estimate the appropriations needed in order to meet the intent of this act.

CPE estimates the cost to administer the program at approximately \$330,000 annually. This will cover the cost of three new staff members and the per diem and travel expenses for members of the advisory committee. The bill stipulates that program administration costs shall not exceed 4% of the total funds in the account or \$1.5 million annually, whichever is less. Thus, upon an appropriation, CPE can utilize up to 4% of the allocated funds for administrative purposes. To fully implement the program while adhering to the 4% limitation, a fund balance of at least \$8.25 million is necessary to cover administrative expenses ($\$8.25 \text{ million} \times 4\% = \$330,000$). Additionally, the bill mandates that disbursements from the fund can only occur once the General Assembly's appropriation is matched by contributions from the aviation industry partner(s). Therefore, if the \$8.25 million fund balance is divided between private and public contributions, the General Assembly's appropriation must be a minimum of \$4.13 million to adequately support program administration by CPE.

Lastly, the legislation specifies that any appropriation to the fund prior to fiscal year 2029-2030 shall not lapse. However, unexpended funds remaining in the appropriation account at the end of fiscal year 2029-2030 will revert to the General Fund. Similarly, any remaining funds in the grantor account at the end of fiscal year 2029-2030 will be proportionally redistributed among the grantors based on their initial contributions.

DATA SOURCE(S): LRC Staff, CPE

PREPARER: Justin Smith **NOTE NUMBER:** 60 **REVIEW:** JB **DATE:** 2/20/2024