

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

MEASURE

2024 BR NUMBER 1732

SENATE BILL NUMBER 127/HCS 1

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 Kentucky Aviation Economic Development Fund; Kentucky Aerospace, Aviation, and Defense Investment Fund

FISCAL ESTIMATES	2023-2024	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable	Indeterminable	Indeterminable
EXPENDITURES		Minimum of \$75,000	Minimum of \$75,000	Minimum of \$75,000
NET EFFECT		Indeterminable	Indeterminable	Indeterminable

() indicates a decrease/negative

PURPOSE OF MEASURE: The measure 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, the bill institutes an advisory committee tasked with guiding CPE in executing the mandates outlined within.

The legislation mandates that a minimum of 65% 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 35% 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.

The legislation also allows the “Kentucky Aviation Economic Development Fund” established in the State Treasury to be used for programs supporting aviation education and workforce development.

FISCAL EXPLANATION: The fiscal impact of the measure is indeterminable, as the program's funding depends upon future appropriations by the General Assembly. 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 total appropriations needed in order to meet the intent of this act. CPE estimates they would need three additional staff members to fully administer the program which would total approximately \$330,000 annually, however, the bill limits the amount that can be expended to CPE at \$75,000 annually or 0.5% of all gross money in the fund, whichever is less.

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:** 180 **REVIEW:** JB **DATE:** 3/19/2024