

## **Transportation**

- Changes made by the Transportation Cabinet in the last year have resulted in cost savings and greater efficiency within the cabinet. Improvements have been made in overtime reduction, contract bidding and increased scrutiny of contract change orders.
- Despite those achieved efficiencies, significant challenges exist for funding important projects. In January, the Consensus Forecasting Group issued a lower Road Fund revenue estimate than it had given in its January 2004 estimates -- approximately \$21.7 million less in fiscal year 2005 and \$35.4 million less in fiscal year 2006. The 6-percent usage tax on auto sales and leases has fallen substantially. However, the 1-cent tax on fuels triggered by a statute passed in 1982 has been the stabilizing force, keeping the estimate from declining farther.
- The need to improve Kentucky roads is tremendous – for the safety of our families as they travel to work and school, and because transportation is so vital to economic development.
- In 2003, 20 percent of road miles were classified as poor pavement condition needing improvement.
- There were 931 fatalities on Kentucky roads in 2003. That number rose to 963 last year. Since the beginning of the 2005, a total of 59 people have lost their lives on Kentucky roadways. This is an increase of 13 over the same time period in 2004.
- More than \$650 million of project work was accelerated during fiscal years 2000 to 2004. Currently, \$2.2 billion of state-funded projects are authorized in the Recommended Six Year Highway Plan. To date, only \$50 million of state fund capacity has been available to deliver these projects.
- Bonds could be used for structurally deficient bridges on local and county roads -- particularly on structures that limit the ability for school buses to cross or ones that were damaged during our recent flooding throughout the state.
- To add needed resources to an otherwise declining revenue stream, policy initiatives contained in the budget recommendation include:
  - The issuance of \$150 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds to support reconstruction and major widening of interstate I-64, I-65, and I-75;
  - The usage of Toll Credits for matching federal highway funds;
  - The issuance of Turnpike Authority bonds totaling \$350 million;
  - The continuation of the cash management program initially authorized by the 2000 Session of the General Assembly.
  - A Road Fund Revenue Initiative that will freeze the penny on the motor fuels tax, collect motor vehicle usage tax at titling instead of registration, which will limit the opportunity for tax avoidance; standardize the motor vehicle usage tax so

purchased and leased cars are treated the same; and price the drivers' licenses fee at \$20 to cover the cost of issuance. It is estimated to generate about \$53 million in fiscal year 2006.