

KENTUCKY

Transportation News

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During the Holiday Season, more than ever, our thoughts turn gratefully to our Members and Friends who have made our progress possible. And, in this spirit we say:

Thank You and Best Wishes for the Holiday Season and a Happy, Healthy, Prosperous New Year!

Jobs for Main Street

Bill Would Send State \$462 Million in Highway, Transit Funds

The U. S. House, Wednesday, passed H.R. 2847, the Jobs for Main Street Act of 2010, which includes a stimulus program modeled after the American Recovery and Reinvestment Act; incorporates the Surface Transportation Act of 2010; and includes measures to stabilize the Highway Trust Fund.

The Kentucky highway share of the stimulus portion of the bill would be \$419.2 million, according to information provided by the House Transportation and Infrastructure Committee. Based on the previous ARRA distribution, Kentucky's transit share should total some \$43 million. The Clean Water share would be \$12.5 million. As with the ARRA, projects would not require a state or local match.

The stimulus portion of the bill would provide \$39 billion for transportation infrastructure, allocating Highways, \$27.5 billion; Transit, \$8.4 billion; Amtrak, \$800 million; Airport Improvement Program, \$500 million; Maritime Guaranteed Loan Program, \$100 million; Clean Water State Revolving Funds, \$1.0 billion; and Army Corps of Engineers, \$715 million.

Unlike ARRA, which stipulated that half of funds must be *obligated within 120 days*, the bill provides that funds would have to be *under contract within 90 days*.

Of the \$27.5 billion in highway investment, \$26.66 billion would be distributed by formula among the states for activities eligible under the Surface Transportation Program.

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Of this subtotal, \$8 billion would go by formula to areas within the state based on population; \$800 million would be set aside for transportation enhancement activities; and \$17.86 billion would be available for use anywhere in the state. The bill provides that priority would be given to projects that can be completed within three years and that are located in economically distressed areas. The bill also would require an equitable geographic distribution of projects within the state and an appropriate balance between rural and urban areas.

The bill incorporates the Surface Transportation Extension Act of 2009, which extends the core highway, highway safety, and transit programs through Sept. 30, 2010, at \$53.3 billion, the level assumed in the FY 10 budget resolution. **The Kentucky highway apportionment for FY 10 is estimated at \$665.9 million, and Kentucky transit would get an estimated \$42.8 million.**

The long-term authorization for these programs, SAFETEA-LU, expired on Sept. 30, 2009. Since then, these programs have been extended on a short-term basis at a funding level that is significantly below the FY 09 authorized level. H.R. 2847 would increase funding by \$10.7 billion, nearly to the FY 09 authorized level.

The bill would improve the fiscal outlook for the Highway Trust Fund by restoring \$19.5 billion (\$14.7 billion to the Highway Account and \$4.8 billion to the Mass Transit Account) in interest payments turned over to the General Fund on the HTF's previous cash balances since 1998. It also provides that the HTF will receive future interest payments to increase the HTF balance by an estimated \$500 million to \$1 billion annually. The bill also calls for the General Fund, rather than the HTF, to support long-standing fuel tax exemptions, such as those provided to state and local governments. This provision will increase Trust Fund balances by about \$1.7 billion annually, for a total of \$9.8 billion over six years.

The bill will not be taken up in the Senate until after the first of the year. The House also used the Department of Defense Appropriations Act, 2010, passed Wednesday, to extend the current SAFETEA-LU authorization through Feb. 28, 2010. The Senate adopted the defense appropriations bill Saturday. This interim extension will give the Senate time to act on the Main Street Jobs bill and that bill's extension through Sept. 30, 2010.

There has never been a more critical time in the financial direction of the transportation program. While a welcome addition to a desperately under-funded national infrastructure program, the additional stimulus infrastructure spending is primarily another short term solution to an under employment problem. The provisions of the bill to stabilize the HTF are certainly to be applauded. The bill, of course, postpones the decisions on a long-term program and how it will be financed.

If the Senate goes along with Jobs for Main Street, it will help get the economy going again, and, hopefully, will not unduly adversely affect the prospects for the enactment of a revitalized and adequately funded national transportation program. It is critical that a longer-term infrastructure spending plan is devised to help the nation recover from the most serious recession since the 30s and ensure the future economic security of the nation.

Governor, Transportation Advocates Recognize Retiring Fish

“Because of what he has done, we are a lot more efficient, have a lot more transportation facilities that we can take advantage of, and we are a lot safer today than we were 32 years ago,” said Gov. Steve Beshear, as he joined KBT members and friends recently to recognize Jack Fish for his work as president of KBT. Fish retires December 31.

“I did want to come here today,” said Beshear, “to say how much Jack has meant to me and this organization and the Commonwealth of Kentucky. . . . He has been an institution in terms of transportation in the Commonwealth. There will never be anyone who has the same effect on all of the different transportation issues that Jack has had.

“Jack is indeed so well respected in this state . . . and Washington D. C. He has worked with the transportation department there and all of the different secretaries, with all of the different senators and congressmen we have had over those 32 years. This fellow has stood up on issues relating to our railways, our roadways, our airways, our public transit and waterways.

“Jack, I am proud to be counted among your friends. He has stood up for the transportation industry as a whole, and he has done it in the right way. When there are issues to deal with, he has dealt with them. He has always given you his fair and honest assessment of the situation. I am proud to be here today to honor him. Jack, thank you very much for all you have done.”

Sam Rechter, a founding director of KBT and the organization’s second chairman, cited Fish for his “special talent” in holding together the diverse membership of KBT. “I am proud to have been one of those early founders,” said Rechter, “and the day Jack was brought on board is a day we have all blessed many times.”



Governor Beshear congratulated Jack on his years of service.

Calvin Grayson, who was secretary of the Transportation Cabinet when KBT was formed, expressed his appreciation to the Kentucky Association of Highway Contractors for their leadership role in founding KBT.

“There has been no better champion for transportation than Jack Fish,” said Grayson. He said Fish is “one of the best wordsmiths” he has ever known, observing that Fish can take lengthy, complicated material and reduce it to a paragraph that can be easily understood.

Acting Secretary of Transportation Mike Hancock cited Fish’s “dedication to the cause, incredible knowledge of the issues, and willingness to push issues with the legislature and members of Congress.”

Hancock noted the annual Kentucky Transportation Conference, sponsored by KBT in cooperation with the Cabinet, “is more than a time in January when we get together to talk about transportation. It is in many ways where ideas are born and where good things happen as we talk about the future of transportation in Kentucky.”

Hancock presented Fish a certificate of appreciation “on behalf of the citizens of the commonwealth,” acknowledging his “outstanding contribution and his passion for better transportation.”

Sylvia Lovely, a former executive director of the Kentucky Municipal League and chair of KBT in 2003, thanked Fish for his efforts on behalf of the state’s cities and congratulated the KBT Board on its selection of Stan Lampe as the new president. “I don’t think a better choice could have been made,” said Lovely.

House Transportation Committee Chairman Hubert Collins thanked Fish for his support of the committee's and the General Assembly's work to improve the state's transportation system. "I always look forward to getting Jack's email," said Collins. "When I see an email from Jack, I always look at it first because I know it's not going to be too long, and I know it is going to be serious. During a session, I get something like 600 to 700 emails -- sometimes two or three from the same person the same day, and they are saying nothing.

"I always appreciate the information I get in Jack's emails -- it's not just local, it's state, it's federal -- one of the main subjects in most emails is money. I really enjoy looking at those emails. Thank you, and continue our friendship."

Speaking for the highway construction industry, Charles Lovorn, treasurer for KBT and executive director of the Kentucky Association of Highway Contractors, said, "It has been a privilege and pleasure to have Jack act on our behalf and all transportation interests. We are deeply grateful for the work you, Jack and Janice, have done for our industry."



Jack's granddaughters, Madeline and Katherine, who missed school to attend the lunch got an excuse signed by the Governor.

Fish expressed his thanks to those who had supported the program over the years and to those who participated in the retirement luncheon. He noted that Kentucky and the nation "have major transportation problems facing us today -- as significant as, or more significant than, the problems we faced when KBT was founded." He said, "Stan brings significant talent and experience to this job, and he, together with the people in this room, can take on the burden of what needs to be done."

Fish said Jeff Immelt, CEO and Chairman of GE, responding, during the President's Seminar on Jobs, to a comment that with a strong education program the U. S. can continue to innovate and prosper as our innovations are manufactured in foreign countries, observed that innovation is never very far from the manufacturing site. Immelt went on to say, therefore, it is important for this country to have a strong manufacturing sector.

"As we all know," said Fish, "it is critical that Kentucky and the nation have a good transportation system if we are to have successful manufacturers who can compete with foreign manufacturers. Education and transportation are *the* keys to our future."

Jack's wife, Janice thanked Paula for "keeping Jack in line" over the years and for her effort and expertise in making KBT's communications work.

Estimates for Road Fund Up on Growth in Fuels, Usage Revenue

After a severe reduction in Road Fund revenue for FY 09, the Consensus Forecasting Group has predicted a slight upturn for FY 10 and a 6 percent increase in FY 11, followed by a 5.5 percent increase in FY 12. The increased revenue is based primarily on projected growth in the motor vehicle usage tax -- the sales tax on vehicles.

Actual Road Fund revenue for FY 09 was \$1.192 billion. The CFG, in its meeting yesterday, estimated FY 10 revenue will come in at \$1.199 billion, well below FY 08 revenue of \$1.263 billion. The estimate for FY 11 is \$1.271 billion and for FY 12 is \$1.341 billion. To reach the FY 11 and FY 12 numbers,

motor fuels revenue will have to grow by an average of more than 4 percent both years and motor vehicle usage will have to grow by 11.9 percent in FY 11 and 8.3 percent in FY 12.

The CFG estimated the General Fund will be down by 2.7 percent for the current year and grow by 3.6 percent in FY 11 and 3.7 percent in FY 12. FY 10 General Fund revenue will total \$8.196 billion; FY 11, \$8.491 billion; and FY 12, \$8.809 billion.

The CFG estimates in December are the basis for the FY 11-FY 12 budget.

Road Fund -- Where It Comes From				
FY 09 - FY 12				
(millions of dollars)				
	FY 09 Actual	FY 10 Estimated*	FY 11 Estimated*	FY 12 Estimated*
Motor Fuels & MF Use/Surtax	622.2**	655.2**	680.4**	712.2**
Motor Vehicle Usage & Rental	336.3	328.6	367.7	398.1
Truck License (state share)	15.5	15.6	15.7	15.8
Truck Proportional Registration	38.0	34.1	34.6	34.1
Passenger Car License	33.3	31.4	31.5	31.9
Weight Distance Tax	75.4	70.4	77.4	84.8
Tolls	0	0	0	0
Investment	10.7	3.9	1.4	1.3
Other	60.6	51.9	61.9	62.7
Total Road Fund	1,192.0	1,191.1	1,270.6	1,340.9
* FY 10-12 is based on December 2009 Consensus Forecasting Group Estimate.				
** Does not include \$44 million diverted to Petroleum Storage Tank Assurance Fund.				

GARVEES Sold to Acquire Louisville Bridges Right of Way

Gov. Steve Beshear has announced the sale of \$100 million in bonds for the Ohio River Bridges project -- a move he called critical for creating tangible, immediate progress on the project. The 2009 Kentucky General Assembly authorized the sale of up to \$231 million of GARVEE bonds (Grant Anticipation Revenue Vehicles) to finance the project during the biennium.

The bulk of proceeds from the bonds will be used to acquire and clear right of way, including land for Kentucky's approaches to an East End bridge, and some of the right of way for the reconstruction and relocation of the Kennedy Interchange in downtown Louisville. Reconstruction of the Kennedy Interchange is the most expensive part of the project.

"Thousands of jobs will be created by these bridges," said Beshear, "and hundreds of thousands of jobs will benefit from the free flow of goods and services across those bridges. The sale of bonds means this project is moving forward -- no more lulls, no more hesitations. The days of the stop-and-start planning of the Ohio River Bridges project are coming to an end."

Netherlands to Institute GPS Monitored VMT User Fee

The Dutch government's decision to institute a GPS monitoring system to tax drivers on the basis of miles driven will likely be a test case for other countries weighing options for new, more efficient ways to charge for highway use.

When the plan takes effect in 2012, new car prices will drop as much as 25 percent with the abolition of a purchase tax and the road tax, which now totals more than 600 euros (\$900) per year for a mid-size vehicle. An average passenger car will pay 0.03 euros per 1 kilometer (\$0.07 per mile), with higher charges levied during rush hour and for traveling on congested roads. Trucks, commercial vehicles and bigger cars will be assessed at a higher rate.

The GPS devices installed in cars will track the time, hour and place each car moves and send the data to a billing agency.

The kilometer tax has been debated for 20 years, with the privacy issue as a primary concern. Dutch officials say the information collected by GPS will be “legally and technically protected,” and the data would not be accessible to the government for other purposes.