

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

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
5 READ AS FOLLOWS:

6 *As used in Sections 1 to 6 of this Act:*

7 *(1) "Advisory committee" means the Kentucky Aerospace, Aviation, and Defense*
8 *Investment Fund Advisory Committee established in Section 2 of this Act;*

9 *(2) "Aviation" means the operation, maintenance, or manufacturing of aircraft or*
10 *other aerospace equipment, aerospace initiatives and efforts, and defense-related*
11 *products related to aerospace and aviation;*

12 *(3) "Aviation industry partner" means a grantor to the fund that the council*
13 *determines customarily employs individuals with an eligible aviation credential in*
14 *a relevant aviation role in the usual course of the grantor's business;*

15 *(4) "Aviation program":*

16 *(a) Means an education or training program located in Kentucky that issues*
17 *eligible aviation credentials or is a specific requirement to earning an*
18 *eligible aviation credential, including but not limited to a public high school*
19 *vocational program; and*

20 *(b) Notwithstanding paragraph (a) of this subsection, does not include a flight*
21 *training program unless that program is a certified pilot school regulated by*
22 *the Federal Aviation Administration in accordance with 14 C.F.R. pt. 141*
23 *or is a public high school vocational program;*

24 *(5) "Council" means the Council on Postsecondary Education;*

25 *(6) "Dedicated moneys" means a gift, grant, or donation to the fund that is subject to*
26 *restrictions imposed by a private grantor under Section 3 of this Act;*

27 *(7) "Eligible aviation credential" means:*

- 1 (a) Any license or certification issued by the Federal Aviation Administration;
2 (b) A Bachelor of Science in aviation issued by a postsecondary education
3 institution overseen or licensed by the council and located in Kentucky;
4 (c) Any engineering degree issued by a postsecondary education institution
5 licensed by the council and located in Kentucky; or
6 (d) A career and technical education license or certification determined by the
7 council, in collaboration with the advisory committee, to be in high demand
8 and relevant to the aerospace industry;

9 (8) "Fund" means the Kentucky aerospace, aviation, and defense investment fund
10 established in Section 2 of this Act;

11 (9) "Grantor" means an individual or an entity that gifts, grants, or donates moneys
12 to the fund;

13 (10) "Immediate family" means an individual's parents, siblings, spouse, and
14 children;

15 (11) "Kentucky resident" means a Kentucky resident as defined by the council
16 pursuant to KRS 164.020(8); and

17 (12) "Public aviation program" is an aviation program that is a public high school
18 vocational program or institution that is a member of Kentucky's public
19 postsecondary education system.

20 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
21 READ AS FOLLOWS:

22 (1) It is the intent of the General Assembly to incentivize collaboration between
23 aviation programs, aviation industry partners, and the Commonwealth to grow
24 and strengthen the education and training pipeline of aviation professionals
25 within Kentucky by:

26 (a) Improving the ability of a broad variety of Kentucky's aviation programs to
27 meet the workforce demands and capacity of the Commonwealth;

1 **(b) Raising awareness of and interest in a broad variety of aviation**
2 **occupations;**

3 **(c) Reducing the barriers of access to the aviation programs necessary to**
4 **pursue these occupations, including financial barriers;**

5 **(d) Improving pathways between high school career and technical programs**
6 **and aviation programs; and**

7 **(e) Developing strategies for aviation industry partners to support career**
8 **growth and development for their employees.**

9 **(2) (a) The Kentucky Aerospace, Aviation, and Defense Investment Fund Advisory**
10 **Committee is hereby created to be administered by the council. The advisory**
11 **committee shall be responsible for advising the council on the**
12 **implementation of Sections 1 to 6 of this Act.**

13 **(b) The advisory committee shall be composed of the following eleven (11)**
14 **members:**

15 **1. The president of the council, who shall serve as chair of the advisory**
16 **committee;**

17 **2. The commissioner of the Department of Aviation in the**
18 **Transportation Cabinet;**

19 **3. Nine (9) members appointed by the chair of the council, of whom:**

20 **a. One (1) member shall be selected from a list of three (3)**
21 **candidates nominated by the Kentucky Association of**
22 **Manufacturers who possess professional experience and**
23 **expertise with aviation manufacturing;**

24 **b. One (1) member shall have professional experience and**
25 **expertise as an aviation engineer;**

26 **c. One (1) member shall have professional experience and**
27 **expertise with Department of Defense contracts related to**

1 aerospace or aviation;

2 d One (1) member shall have professional experience and
3 expertise with airport management or Federal Aviation
4 Administration airport compliance and classifications;

5 e. One (1) member shall be a member from the Kentucky Aviation
6 Association;

7 f. One (1) member shall be a licensed air transport pilot;

8 g. One (1) member that is a licensed airframe and powerplant
9 mechanic; and

10 h. Two (2) members shall be employees of a public aviation
11 program.

12 (c) Members appointed under paragraph (b)3. of this subsection shall serve for
13 terms of two (2) years, and any vacancy on the advisory committee shall be
14 filled for the remainder of the unexpired term in the same manner as the
15 original appointment. An appointed member shall continue to serve until
16 reappointed or replaced.

17 (d) The majority of the voting members shall constitute a quorum, and all
18 meetings shall be conducted in accordance with the Open Meetings Act,
19 KRS 61.805 to 61.850.

20 (e) A member of the advisory committee shall not receive compensation or
21 benefits for the member's service, but a member appointed under paragraph
22 (b)(3) of this subsection shall receive per diem and travel expenses
23 consistent with the reimbursement policy for state employees.

24 (3) There is hereby created a trust and agency account called the Kentucky
25 aerospace, aviation, and defense investment fund to be administered by the
26 Council for Postsecondary Education for the purpose of funding;

27 (a) Public and private partnerships to provide aviation training scholarships in

1 accordance with Section 3 of this Act to reduce the financial barriers of
2 Kentucky residents seeking eligible aviation credentials;

3 (b) Public and private partnerships to provide aviation and aerospace
4 equipment grants in accordance with Section 4 of this Act to enhance
5 Kentucky's aviation programs' ability to meet the workforce demands and
6 capacity of the Commonwealth; and

7 (c) The council's administrative, research, consulting, fundraising, planning,
8 and analysis costs of administering Sections 1 to 6 of this Act.

9 (4) (a) It is the intent of the General Assembly to encourage private financial and
10 philanthropic support of the Kentucky aerospace, aviation, and defense
11 investment fund, as the aerospace, aviation, and defense industries directly
12 benefit from a well-trained workforce capable of meeting their employment
13 needs and the needs of the Commonwealth. To the extent allowed by
14 applicable laws, the fund may directly accept gifts, grants, or donations
15 subject to restrictions imposed by a grantor.

16 (b) 1. The Kentucky aerospace, aviation, and defense investment fund shall
17 consist of two accounts.

18 2. There shall be an appropriation account containing all moneys
19 appropriated by the General Assembly and any federal funds received
20 for this purpose.

21 3. There shall be a grantor account containing all moneys received in the
22 form of gifts, grants, or donations subject to restrictions imposed by a
23 grantor, or any other moneys made available for the purposes of the
24 fund.

25 (c) Notwithstanding KRS 45.229, any moneys appropriated to the fund by the
26 General Assembly that remains in the fund at the end of any fiscal year
27 prior to the 2029-2030 fiscal year shall not lapse.

1 (d) Any moneys remaining in the appropriation account at the end of fiscal
2 year 2029-2030 shall be forfeited and shall lapse to the general fund.

3 (e) Any moneys remaining in the grantor fund at the end of the 2029-2030
4 fiscal year shall be returned to each grantor proportionally based on the
5 amount donated by the grantor in relation to the total amount donated by all
6 grantors.

7 (5) Subject to available funds, the fund shall consist of any:

8 (a) Appropriations designated for the fund;

9 (b) Funds, grants, and receipts from the council's fundraising activities on
10 behalf of the fund;

11 (c) Federal funds; and

12 (d) Other moneys made available for the purposes of the fund.

13 (6) Any interest earnings of the fund shall become a part of the fund and shall lapse
14 only as provided in subsection (4) of this section. Moneys in the fund are hereby
15 appropriated for the purposes set forth in this section.

16 (7) The portion of the fund expended towards the council's costs of administering
17 Sections 1 to 6 of this Act shall not exceed four percent (4%) of all gross moneys
18 in the fund or one million five hundred thousand dollars (\$1,500,000) annually,
19 whichever is less.

20 (8) (a) The council shall promulgate administrative regulations by August 1, 2024,
21 in accordance with this subsection and KRS Chapter 13A to administer
22 Sections 1 to 4 of this Act.

23 (b) At least thirty (30) days before filing an administrative regulation with the
24 regulations compiler, the council shall first submit the draft administrative
25 regulation, a detailed implementation plan, and other documents required
26 to be filed by KRS Chapter 13A to the members of the Interim Joint
27 Committee on Education and the Interim Joint Committee on

1 Transportation for review and comment.

2 (c) The council shall consider any comments and recommendations provided
3 by the members of the Interim Joint Committee on Education and the
4 Interim Joint Committee on Transportation before filing the administrative
5 regulation.

6 (9) A member of the advisory committee shall recuse himself or herself from any vote
7 related to any aviation program or industry partner:

8 (a) Owned by the member or an immediate family of a member;

9 (b) That employs the member or immediate family member of the member; or

10 (c) That would otherwise result in a direct benefit, financial or otherwise, to
11 that member or an immediate family member of that member.

12 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
13 READ AS FOLLOWS:

14 (1) The council shall reserve at least sixty-five percent (65%) of all net moneys in the
15 fund for partnership proposals between aviation programs and aviation industry
16 partners to provide aviation training scholarships to Kentucky residents enrolled
17 in aviation programs.

18 (2) In accepting partnerships, the council shall collaborate with the advisory
19 committee to evaluate each partnership proposal to determine if the proposal
20 meets the requirements of this section and administrative regulations
21 promulgated by the council. The administrative regulations shall create a process
22 to prioritize accepting partnerships to proposals targeted to reduce the workforce
23 demand of a specific eligible aviation credential that is determined by the council,
24 in collaboration with the advisory committee, to be among the highest in demand
25 in the Commonwealth based on objective criteria.

26 (3) A partnership shall require a written partnership contract between an aviation
27 program, aviation industry partner, and the council. The partnership contract

1 shall:

2 (a) Prohibit any disbursement of moneys from the fund until the moneys
3 appropriated by the General Assembly to be distributed are matched, at least
4 dollar for dollar, with moneys deposited to the fund by the aviation industry
5 partner;

6 (b) Require the aviation program to use all moneys distributed to the aviation
7 program pursuant to the partnership contract to issue direct aviation
8 training scholarships to Kentucky students enrolled in the aviation
9 program;

10 (c) If applicable to an aviation program, require that the aviation training
11 scholarship application process encourage applicants to complete the Free
12 Application for Federal Student Aid; and

13 (d) Meet all other requirements set forth in this section and administrative
14 regulations, including but not limited to any reporting requirements to the
15 council.

16 (4) Disbursements of moneys from the fund to support aviation training scholarships
17 shall be made directly to an aviation program pursuant to the terms of the
18 partnership contract.

19 (5) An aviation program that enters a partnership contract shall solicit, accept, and
20 review aviation training scholarship applications submitted by students enrolled
21 in the aviation program. A partnership contract may require that an aviation
22 program do so in collaboration with the aviation industry partner. The aviation
23 program shall award aviation training scholarships pursuant to any scholarship
24 criteria set forth in the partnership contract, this section, and administrative
25 regulations. The decisions of the aviation program in the issuance of
26 scholarships shall be final.

27 (6) An aviation training scholarship issued by an aviation program pursuant to a

- 1 partnership contract shall be made directly to a recipient pursuant to a written
2 scholarship contract between the recipient and the aviation program. The
3 scholarship contract shall not restrict the recipient's ability to utilize the
4 scholarship for the total cost of attendance. Each recipient of a scholarship shall:
5 (a) Agree in the written contract to be employed within Kentucky's aviation
6 industry for a contract period of one (1) year for each academic year funded
7 by the scholarship, up to a maximum of two (2) total years; and
8 (b) Sign a promissory note as evidence of the scholarship and the obligation to
9 repay the scholarship amount upon failure to complete terms of the
10 contract.
- 11 (7) A grantor may place restrictions upon a contribution to the fund requiring
12 specific criteria for an aviation training scholarship or scholarships funded by
13 the grantor's dedicated moneys, including but not limited to criteria restricting
14 employment at the aviation industry partner for the contract period.
- 15 (8) The aviation training scholarship contract shall grant the aviation program, the
16 Commonwealth, or the aviation industry partner the authority to initiate
17 recoupment proceedings for the recovery of the total amount of all aviation
18 training scholarships awarded to an individual that fails to complete the terms of
19 a contract entered into in accordance with subsection (6) of this section, together
20 with reasonable attorney fees and interest at a compound rate not to exceed eight
21 percent (8%) per annum from the date of disbursement from the fund.
- 22 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
23 READ AS FOLLOWS:
- 24 (1) The council shall reserve up to thirty-five percent (35%) of all net moneys in the
25 fund for aviation equipment partnership contracts between public aviation
26 programs and aviation industry partners to provide aviation and aviation
27 equipment grants for a public high school vocational program or public

1 postsecondary education institution to maintain, acquire, or lease aviation or
2 aviation equipment.

3 (2) An aviation equipment partnership shall require a written partnership contract
4 between a public aviation program, aviation industry partner, and the council.

5 The partnership contract shall:

6 (a) Prohibit any disbursement of moneys from the fund until the moneys
7 appropriated by the General Assembly to be distributed are matched, at least
8 dollar for dollar, with moneys deposited to the fund by the aviation partner;

9 (b) Require a public aviation program to use all moneys of an aviation
10 equipment grant to maintain, acquire, or lease aviation or aviation
11 equipment;

12 (c) Prohibit the aviation industry partner from maintaining any ownership
13 interest in aviation or aviation equipment maintained, acquired, or leased
14 with the funds from the aviation equipment grant;

15 (d) Prohibit the aviation industry partner from receiving direct or indirect
16 compensation for the maintenance or purchase of aviation or aviation
17 equipment above the fair market value cost of the services or equipment;
18 and

19 (e) Meet all other requirements set forth in this section and administrative
20 regulation, including but not limited to any reporting requirements to the
21 council.

22 (3) (a) The council shall collaborate with the advisory committee to solicit, accept,
23 and review proposals for partnership contracts by aviation industry partners
24 and public aviation programs located in Kentucky. The council shall select
25 proposals for partnership contracts, and decisions of the council in these
26 matters shall be final. The council may prioritize partnership contracts:

27 1. Targeted towards maintaining, acquiring, or leasing equipment used

1 by a public aviation program for a high-demand eligible aviation
2 credential;

3 2. Based upon the financial advantages afforded to a public aviation
4 program; or

5 3. Based upon the number of students that would have access to the
6 aviation or aviation equipment maintained, acquired, or leased by a
7 public aviation program with funds from an aviation equipment grant.

8 (b) Disbursements of moneys from the fund to support aviation equipment
9 grants shall be made directly to a public aviation program pursuant to the
10 terms of the partnership contract.

11 (4) The council shall require the public aviation program to submit proof that the
12 entire amount of the aviation equipment grant is invested in the maintenance,
13 acquisition, or lease of aviation or aviation training equipment utilized by
14 students enrolled in a public aviation program. A public aviation program that
15 fails to submit the proof required by the council shall return the entire amount of
16 the grant to the fund.

17 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
18 READ AS FOLLOWS:

19 (1) By December 1 of each year, the council shall collaborate with the advisory
20 committee to submit a written report to the Legislative Research Commission for
21 referral to the Interim Joint Committee on Education, the Interim Joint
22 Committee on Transportation, and the Interim Joint Committee on
23 Appropriations and Revenue Budget Review Subcommittee on Education. The
24 report shall include:

25 (a) A detailed summary of the council's costs throughout the year;

26 (b) Legislative recommendations to help grow and strengthen the education
27 and training pipeline of aviation professions within Kentucky;

1 (c) A detailed overview of the Kentucky aerospace, aviation, and defense
2 investment fund, including an accounting of all moneys raised and
3 expended;

4 (d) A detailed analysis of aviation training scholarships awarded pursuant to
5 Section 3 of this Act, including but not limited to:

6 1. The criteria used to award the scholarships;

7 2. The number of scholarships awarded and the amount of each
8 scholarship;

9 3. An overview of the demographic information of scholarship recipients,
10 including the county of residence;

11 4. The names of the aviation programs with scholarship recipients and
12 the type of eligible aviation credential corresponding to each program;
13 and

14 5. To the extent available, student and program outcomes, including but
15 not limited to:

16 a. Graduation rates of the aviation program overall and of
17 scholarship recipients as compared to an established baseline
18 within any such program;

19 b. Employment and employment retention rates of the aviation
20 program overall and scholarship recipients; and

21 c. The workforce participation of program graduates practicing in
22 Kentucky under an eligible aviation credential in relation to the
23 workforce demand and capacity for that specific eligible aviation
24 credential; and

25 (e) A detailed analysis of aviation equipment partnership contracts awarded
26 pursuant to Section 4 of this Act, including but not limited to the following
27 for each aviation equipment partnership contract:

- 1 1. The amount of the aviation equipment grant;
- 2 2. The public aviation program that is a party to the partnership contract
- 3 and the eligible aviation credential corresponding to that program;
- 4 3. The aviation industry partner or partners that are a party to the
- 5 partnership contract and the amount contributed by each aviation
- 6 industry partner to the fund;
- 7 4. A detailed summary of the aviation or aviation equipment maintained,
- 8 acquired, or leased by the public aviation program with moneys from
- 9 the aviation equipment grant;
- 10 5. Financial documentation of all transactions utilizing moneys from the
- 11 aviation equipment grant; and
- 12 6. A detailed summary of how the aviation equipment grant will impact
- 13 the opportunities and outcomes for students enrolled in public aviation
- 14 program.

15 (2) If the report required by subsection (1) of this section is not filed by December 14
16 of each year, or a later date jointly approved by the Interim Joint Committee on
17 Education and the Interim Joint Committee on Transportation, any
18 appropriations to the fund shall be forfeited and any remaining moneys in the
19 fund appropriated by the General Assembly shall lapse to the general fund. The
20 council shall return any remaining private moneys to its grantor, prorated as
21 necessary.

22 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
23 READ AS FOLLOWS:

24 Sections 1 to 6 of this Act shall expire on and have no force or effect after June 30,
25 2030, unless extended by an act of the General Assembly.

26 ➔Section 7. This Act may be cited as the Aerospace Education Reinvestment
27 Opportunity (A.E.R.O.) Act.

1 ➔Section 8. Whereas the General Assembly recognizes the urgent need to address
2 the ability of the Kentucky aviation workforce to meet its workforce needs, an emergency
3 is declared to exist, and this Act takes effect upon its passage and approval by the
4 Governor or upon its otherwise becoming a law.