

**STATEMENT OF
THE HONORABLE MARY E. PETERS
SECRETARY OF TRANSPORTATION
SUBMISSION TO
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
JANUARY 31, 2008**

Chairman Boxer, Ranking Minority Member Inhofe and members of the Committee, I thank you for the opportunity to submit my statement for the record today.

Let me begin by saying, over the last 20 months, this Commission has met on numerous occasions and has engaged in wide ranging discussion in a serious effort to address the Nation's current and future transportation needs. I believe this time has been well spent and I value and appreciate the contributions by all of my fellow Commissioners. Although I fundamentally disagree with a number of central elements of the Commission's Report, that disagreement in no way detracts from my respect for my colleagues on the Commission. They are to be commended for their hard work and dedication in the production of the report.

While I am attaching the Minority Views Statement to my statement for the record, I would like to highlight the key reasons why I was ultimately unable to sign on to this report. As most are aware, America's transportation system has a serious and growing problem. The most important challenge we face is the consistent decline in transportation system performance and a fundamentally flawed investment strategy. Our surface transportation economic model is fundamentally broken and this failure is impacting our families, business productivity, distorting real estate markets and degrading our environment.

I was pleased that the Report recognizes the importance of the transportation system to our Nation's economic growth. The Report does identify that there is a need and opportunity to simplify, consolidate and streamline Federal programs and funding categories. I believe and the Report acknowledges more focused programs will deliver better results for the Federal taxpayer. I would also like to commend the Report for identifying there is a need for greater accountability and rationality in investment decisions. I strongly support recommendations to improve the targeting of investments through a greater emphasis on performance and outcomes.

Unfortunately, the Commission Report maintains a strong emphasis on status quo solutions at a time when I strongly believe that the country needs an entirely new transportation policy. A key recommendation of this Report is a massive 40 cent per gallon Federal gasoline tax over the next five years, with automatic increases every year thereafter tied to inflation that would more than triple Federal fuel taxes from current levels by 2018. I have testified before this Committee previously and have stated for the record the Country's transportation problems do not stem from lack of spending or from insufficient tax levels. In fact, it is precisely the ineffectiveness of traditional taxes and

the politicized nature of transportation spending decisions that are themselves the problem.

In addition, I was also extremely troubled by several other recommendations in the Report. Among the most troubling proposals, the Report recommends: creating a new Federal bureaucracy outside the Executive Branch and Legislative Branch that will assume various central planning responsibilities; new Federal regulation limiting States' ability to attract the growing volume of private sector capital available to invest in the country's transportation infrastructure; a sustained Federal role that is not justified by any analysis of a legitimate national interest; and new Federal taxes on public transportation and intercity passenger rail trips. As I have stated before, federal centric policy will not solve our transportation problems.

I truly believe there has never been a more exciting time in the history of surface transportation. We are at a point where meaningful change is not only conceivable, but actually being implemented in various parts of the U.S. In order to ensure that the pace and scale of this bottom-up reform movement increases, Federal transportation programs should be re-focused on two basic objectives. First, we should reward, not constrain, State and local leaders that are willing to stand up, acknowledge failure and pursue fundamentally different strategies to financing and managing their transportation systems. Second, the Federal government's investment strategy should emphasize the interstate system and other truly nationally significant transportation investments based on clear, quantitative parameters, not politically contrived ones.

Ultimately, the Commission Report chooses to take the path of higher taxes, more wasteful spending, more congestion and greater pollution. I believe there is a better path to take and wiser decisions to make. Again, I thank this Committee for allowing me to submit my testimony and I look forward to working with you.