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Secretary Peters Rejects Call for Massive Gas Tax Increase and New Federal Transportation Bureaucracy

Secretary and Two Other Federal Commissioners Release Proposal for Giving States More Resources, More Options and More Flexibility to Finance Transportation Projects

WASHINGTON, D.C. –U.S. Secretary of Transportation Mary E. Peters announced that she and two other members of a Congressional commission will not endorse the groups' call for substantial state and federal gas tax hikes, a new federal bureaucracy to centralize transportation decision making, new limitations on states' abilities to attract private sector investments and a first of its kind federal tax on all public transportation and intercity passenger rail tickets.

"Raising gas taxes won't improve traffic congestion, it will only perpetuate our ineffective reliance on fossil-based fuels to fund infrastructure and send more of Americans' hard-earned money to Washington to be squandered on earmarks and special interest programs," Secretary Peters said. "A better way forward is to provide incentives to states willing to pursue more efficient approaches and to invest federal funds more effectively to give commuters real relief from gridlock."

The Secretary, along with Commissioners Maria Cino and Rick Geddes, said they would not sign the final report of the National Surface Transportation Policy and Revenue Study Commission, which was created by Congress in 2005. The Secretary said she was deeply troubled by the Commission's call for an up to 40 cent per gallon federal gasoline tax increase over the next five years, rising to up to 91 cents in 20 years when indexed for inflation. She added the report also assumes that states will increase their gas taxes by up to 60 cents per gallon over the next five years. She said recent studies, including one from the Government Accountability Office last summer, have concluded gas taxes don't work to reduce traffic congestion.

The Secretary, along with Commissioners Cino and Geddes, instead released their approach for addressing the nation's transportation challenges. The "Chairman's Statement" notes that transportation planners have an unprecedented range of options available to them to reduce traffic congestion, finance new projects and maintain existing transportation systems. For example, the statement notes that many states are already using technology such as congestion pricing and high-speed open road tolling to raise revenue and reduce traffic tie ups. And it says

that there are billions of dollars in private capital available to transportation officials that could easily be tapped to finance new projects.

"There is nothing to indicate that Washington would do a better job spending billions more of the taxpayers' money than it has so far," said Secretary Peters. "The answer isn't more taxes and added layers of bureaucracy, it is having the courage to say the current system is broken and it is time to find a better way to invest in, manage and operate our transportation system."

The Chairman's Statement and a Compare and Contrast Fact Sheet are enclosed.