



President George W. Bush delivered remarks on the economy during a visit Monday, Dec. 17, 2007, to Fredericksburg, Va., where he spoke to an audience of business and community leaders from the Rotary Club of Stafford, the Fredericksburg Rotary Club, the Rappahannock Rotary Club, and the Fredericksburg Regional Chamber of Commerce

Excerpt from speech on transportation and highway funding, including by fee:

Q You may have noticed that **transportation** is an issue for us in this area, and --

THE PRESIDENT: Actually, the helicopter didn't get stuck in any traffic. (Laughter and applause.)

Q I was wondering --

THE PRESIDENT: Yes. **What's a traffic jam? (Laughter.) Yes it is; it's a huge issue.**

Q Yes, sir. And Homeland Security is moving more people into our area here, especially up on 610, and moving a lot of their offices. I was wondering if the federal government would be able to help us with our transportation problem, so that we could better facilitate the Homeland facility -- Homeland Security's --

THE PRESIDENT: You're not looking for that special earmark, are you? (Laughter.)

Q No, no, sir.

THE PRESIDENT: Yes, you are -- at least you're honest. (Laughter.) **Here's the thing about highway funds, a couple of points. First of all -- I don't know if you know this or not, but the Public Works Committee I guess is the largest in the House; is that right, Eric? Yes. And the way they get the bills out of the House onto the floor is everybody gets a special project. And so it's the largest committee and then everybody gets them a special project, and then the bill moves, and then the funding formulas kick in. The way it ought to be done is they ought to adjust the funding formulas based upon rational measures, and then pass these bills without earmarks, without special projects. That's just the way it works. A lot of the money is spent before it even -- the highway bill makes it to the floor, and it's just not a good system.**

Secondly -- and so therefore **they need to change the system.** This isn't going to answer your question specifically, and it's not an intentional dodge, by the way -- it's a slight dodge -- (laughter) -- because you know, you don't want your President walking around promising this project to this person or this project to that person. That's just not a -- that's not what the President's job is

to do. The President's job is to think strategically for the country and help get fiscal sanity into the process.

Secondly, no question that we're going to have to rethink for the long-term how to fund highways. Right now the highways are funded as a result of gasoline taxes, as you know. Not all of the money from the gasoline tax, by the way, goes to highway projects. There's a lot of mass transit money spent; there's other things that the money is spent on. I'm not making a qualitative judgment; I'm just telling you that not every dime collected from the highway tax -- for the highway tax goes to highways.

Automobile -- I just told you that we're going to become more efficient with our automobile -- we're raising our fuel efficiency standards. In other words, cars and new technology and electricity are going to change how often people go to the pump. And so the source of revenues that had been kind of the staple of the interstate highway system since the '50s is going to change a lot. And so how -- what's a rational way forward? I talked to Secretary Peters about this and I have instructed her to think about alternative methods of financing highway growth, such as user fees in lieu of -- or in combination with -- current tax structure.

Now why would you do that? Well, if your automobiles are going to get less [sic] miles per gallon, then you're going to have to figure out -- and you need additional highways, you have to figure out a way to raise the money; and the user fee is a good way to do it. And if you happen to go to a user fee system, one of the interesting things that are being used is differential pricing. In other words, you pay a different price depending upon the day you drive; in other words, a market-oriented system. If one of the things you're concerned about is massive traffic jams on your highways, in and out of your community, then it may make sense to say to somebody, if you're going to ride between 9:00 a.m. and 4:00 p.m., you pay a higher fee than somebody riding before 9:00 a.m. or after 4:00 p.m. It's congestion pricing. It's worked in some parts of the world. I definitely think we ought to look at it.

In other words, what I'm telling you is the funding system is antiquated relative to the challenges we're going to be facing. And so Secretary Peters is a good, smart soul who is looking through different alternatives. It's going to be a tough issue, as you found out locally, and it's going to be a tough issue -- it's hard to get Washington to change sometimes. But we will do our part.

She's, by the way, very much engaged in making sure that the air transportation system is more modern. One thing we did over Thanksgiving, and we'll again do for Christmas, is take away some of the military flight lanes and provide them for commercial airlines. But the truth of the matter is, we need a more rational way of allocating gates amongst airlines, so that there is rational -- a market-driven system in place. Anyway, I'm not going to answer your question on the special deal. (Laughter.) I'll leave that to your congressman. (Laughter.)

ref: whitehouse.gov

