



Joe Manchin III
Governor of West Virginia
Chair

Dave Heineman
Governor of Nebraska
Vice Chair

Raymond C. Scheppach
Executive Director

September 28, 2010

The Honorable Barbara Boxer
Chairwoman
Committee on Environment and
Public Works
United States Senate
Washington, D.C. 20510

The Honorable James Inhofe
Ranking Member
Committee on Environment and
Public Works
United States Senate
Washington, D.C. 20510

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Chris Dodd
Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairwoman Boxer, Senator Inhofe, Chairman Baucus, Senator Grassley, Chairman Dodd and Senator Shelby:

The nation's governors urge the Senate to safeguard state authority to pursue public-private partnership opportunities in the upcoming reauthorization of federal surface transportation policies.

Fiscal pressures, burgeoning capacity needs, and escalating operating and maintenance costs are forcing states to pursue innovative financing options to complement traditional financing tools. Many states, for instance, have enabling statutes that govern public-private partnerships. While each statute is unique, common features include strict oversight of performance standards, toll policies, labor protections, revenue sharing, risk allocation, use of toll proceeds, transparency, public participation, length of concession, and bidding procedures. States have been careful and prudent in their analysis, negotiation, and oversight of public-private partnerships to ensure adequate protections of the public interest.

Governors support the development of flexible and innovative financing mechanisms that strengthen the mobility goals of the states. We oppose any federal restrictions on the ability of the states to pursue public-private partnership arrangements to address our unique infrastructure needs.

Several provisions in a House Transportation and Infrastructure proposal, the Surface Transportation Authorization Act of 2009, would chill innovative financing options for states and local governments. Governors are concerned that Section 1204 and 1205 would create a new federal office to review and approve

all toll rate schedules and public-private partnership agreements; Section 1301 would repeal current law that enables states to toll and place new limits on tolled facilities; and, Section 1504 would impose new requirements and mandate certain public-private partnership contract provisions.

State and local authorities, as the principal owners and operators of the surface transportation system, must retain flexibility to determine the appropriate level of private sector participation in their surface transportation programs. Therefore, we urge the Senate to avoid including these House provisions in any Senate draft.

We look forward to working together to develop a national vision for surface transportation infrastructure that provides for our nation's growing mobility needs, sustains an effective national transportation financing system, and improves the state-federal partnership.

Sincerely,



Governor Gary R. Herbert
Chair
Economic Development and Commerce Committee



Governor Bev Perdue
Vice Chair
Economic Development and Commerce Committee