

ASSEMBLY BILL

No. 1501

Introduced by Assembly Member Patterson

January 13, 2014

An act to add Section 185036.2 to the Public Utilities Code, relating to high-speed rail.

LEGISLATIVE COUNSEL'S DIGEST

AB 1501, as introduced, Patterson. High-speed rail.

Existing law creates the High-Speed Rail Authority with specified powers and duties relating to the development and implementation of an intercity high-speed rail system. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, authorizes \$9.95 billion in general obligation bonds for high-speed rail development and other related purposes. The federal American Recovery and Reinvestment Act of 2009 (ARRA) and other federal acts provide funding for allocation nationally to high-speed rail projects. The Budget Act of 2012 appropriates federal funds, and state funds in the High-Speed Passenger Train Bond Fund, to the authority for various purposes related to the high-speed rail project, including right-of-way acquisition and construction.

This bill would prohibit the authority from expending the federal funds appropriated to the authority pursuant to the Budget Act of 2012 unless state funds appropriated from the High-Speed Passenger Train Bond Fund or from another state funding source are immediately available to the authority for the purpose of providing matching state funds for the federal funds. This requirement would apply regardless of whether the federal government has authorized the expenditure of the federal funds without the immediate availability of the nonfederal

match that is a condition for the award of the federal funds. The bill would also make legislative findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) When voters approved Proposition 1A on November 4, 2008,
4 they authorized the state to issue \$9.95 billion in general obligation
5 bonds and expend the proceeds for the construction of a 520-mile
6 high-speed rail system between San Francisco and Los
7 Angeles/Anaheim. In the official title and summary approved by
8 the Legislature, voters were promised that the only cost to the
9 state’s General Fund would be “to pay bond principal and interest.”

10 (b) Neither the Legislature nor the voters have approved the
11 direct expenditure of state General Fund dollars for high-speed
12 rail construction.

13 (c) On July 6, 2012, the Legislature enacted SB 1029 (Chapter
14 152 of the Statutes of 2012), amending the 2012–13 Budget Act
15 to appropriate \$4.7 billion in state bond funds and \$3.3 billion in
16 federal high-speed rail funds to initiate high-speed rail construction.
17 Under an agreement with the federal government, the federal funds
18 require state matching funds. It was the intent of the Legislature
19 in enacting SB 1029 that the appropriated state bond funds would
20 be used to provide this match.

21 (d) On August 16, 2013, a Sacramento Superior Court judge
22 ruled that the High-Speed Rail Authority had not yet met the legal
23 requirements to access and spend Proposition 1A bond funds for
24 high-speed rail construction.

25 (e) In its October 11, 2013, response, the High-Speed Rail
26 Authority did not dispute this finding, but argued that, even if it
27 cannot access or spend Proposition 1A bond funds, it can proceed
28 with construction using federal funds. Because federal funds must
29 be matched with state funds, the authority argued that other sources
30 of state funds, including, but not limited to, the state’s General
31 Fund, can be used to fulfill this matching requirement.

32 (f) This course of action enables the High-Speed Rail Authority
33 to unilaterally obligate the state to provide more than \$3 billion in

1 state resources toward high-speed rail construction that may
2 otherwise be designated for purposes such as education, health
3 care, or public safety, without any prior review or approval by the
4 Legislature.

5 (g) It is the intent of the Legislature in enacting this act to ensure
6 that, if the High-Speed Rail Authority cannot legally spend state
7 matching funds appropriated by the Legislature, it may not obligate
8 the state to provide additional sources of state funds that have not
9 yet been appropriated by the Legislature.

10 SEC. 2. Section 185036.2 is added to the Public Utilities Code,
11 to read:

12 185036.2. The authority may not expend the federal funds
13 appropriated to the authority pursuant to Chapter 152 of the Statutes
14 of 2012 unless state funds appropriated from the High-Speed
15 Passenger Train Bond Fund or from another state funding source
16 are immediately available to the authority for the purpose of
17 providing matching state funds for the federal funds. This
18 requirement shall apply regardless of whether the federal
19 government has authorized the expenditure of the federal funds
20 without the immediate availability of the nonfederal match that is
21 a condition for the award of the federal funds.