

AMENDED IN ASSEMBLY MARCH 13, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1501

Introduced by Assembly Member Patterson
(Coauthors: Assembly Members Allen, Harkey, and Jones)
(Coauthors: Senators Fuller and Vidak)

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 amended, 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 *for construction*,
 28 it can proceed with construction using federal funds. Because
 29 federal funds must be matched with state funds, the authority
 30 argued that other sources of state funds, including, but not limited

1 to, the state's General Fund, can be used to fulfill this matching
2 requirement.

3 (f) This course of action enables the High-Speed Rail Authority
4 to unilaterally obligate the state to provide more than \$3 billion in
5 state resources toward high-speed rail construction that may
6 otherwise be designated for purposes such as education, health
7 care, or public safety, without any prior review or approval by the
8 Legislature.

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

14 SEC. 2. Section 185036.2 is added to the Public Utilities Code,
15 to read:

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