

Introduced by Senator VidakJanuary 16, 2014

An act to add Sections 2704.045 and 2704.096 to, and to add and repeal Section 2704.78 of, the Streets and Highways Code, relating to high-speed rail, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 901, as introduced, Vidak. High-speed rail: funding.

(1) Article XVI of the California Constitution requires a general obligation bond act to specify the single object or work to be funded by the bonds, and further requires a bond act to be approved by a $\frac{2}{3}$ vote of each house of the Legislature and by a majority of the voters. Article XVI authorizes the Legislature, at any time after the approval of a general obligation bond act by the voters, to reduce the amount of the indebtedness authorized by the act to an amount not less than the amount contracted at the time of the reduction. Existing law, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, statewide general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related rail purposes.

This bill, subject to voter approval, would amend the bond act to provide that no further bonds shall be sold for high-speed rail and related rail purposes, and would also explicitly authorize the net proceeds received from outstanding bonds issued and sold prior to the effective date of these provisions, upon appropriation, to be redirected from those high-speed rail purposes to retiring the debt incurred from the issuance and sale of those outstanding bonds. The bill would direct the Secretary

of State to submit these provisions to the voters on the ballot of the November 4, 2014, statewide general election.

The bill would also provide that, until November 5, 2014, bond funds made available pursuant to the bond act shall not be expended for high-speed rail purposes, and no additional bonds shall be issued or sold pursuant to the bond act.

(2) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. 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) In 2008, the voters approved Proposition 1A, which
4 authorized the State of California to issue up to \$9.95 billion in
5 bonds to construct a high-speed train system and established the
6 framework and requirements that the system would be required to
7 achieve.

8 (b) Since the passage of Proposition 1A, the voters have learned
9 that the high-speed train system will not be able to meet any of
10 the requirements of that measure, as follows:

11 (1) In Proposition 1A, voters were told that the travel time from
12 Los Angeles to San Francisco would be two hours, 40 minutes.
13 Current estimates now show that high-speed trains will not be able
14 to meet this requirement. Instead, it is believed it will take more
15 than three hours for the high-speed train to travel between Los
16 Angeles and San Francisco.

17 (2) Voters were told that the high-speed train would be able to
18 maintain a constant speed of 220 miles per hour throughout its
19 journey. The plan adopted by the High-Speed Rail Authority now
20 shows that the high-speed train service will have to travel at
21 dramatically lower speeds on tracks shared by regional rail systems.

22 (3) A commitment was made that high-speed rail would reduce
23 the impacts on communities and the environment by following
24 existing transportation or utility corridors. The routes that have
25 been released by the High-Speed Rail Authority show that the
26 high-speed trains will be going through the middle of family farms,

1 small businesses, and residential communities that are nowhere
2 near existing transportation or utility corridors.

3 (4) The voters were told that the high-speed train system would
4 be financially viable and would obtain private and public funds
5 for construction and operation. The cost of the project has
6 continued to increase and no private funds have been identified.

7 (c) In November 2013, a superior court judge ruled that the state
8 could not authorize the issuance of \$8 billion in Proposition 1A
9 bonds and required the High-Speed Rail Authority to rework its
10 funding plan to identify the funding sources for the project.

11 (d) The attitude of voters toward the high-speed rail project has
12 changed dramatically since 2008. A recent USC Dornsife/Los
13 Angeles Times poll found that 52 percent of Californians are now
14 opposed to the project and that over 70 percent want the project
15 put back on the ballot for a revote.

16 SEC. 2. Section 2704.045 is added to the Streets and Highways
17 Code, to read:

18 2704.045. Notwithstanding Section 2704.04, it is the intent of
19 the Legislature and the people of California that no further bonds
20 shall be issued and sold for purposes of Sections 2704.06 and
21 2704.095.

22 SEC. 3. Section 2704.096 is added to the Streets and Highways
23 Code, to read:

24 2704.096. (a) Notwithstanding any other provision of this
25 chapter, no further bonds shall be issued and sold for purposes of
26 Sections 2704.06 and 2704.095 on and after the effective date of
27 this section.

28 (b) Notwithstanding any other provision of this chapter, the net
29 proceeds received from outstanding bonds issued and sold pursuant
30 to Sections 2704.06 and 2704.095 prior to the effective date of
31 this section may, upon appropriation by the Legislature, be
32 redirected from those high-speed rail purposes for use in retiring
33 the debt incurred from the issuance and sale of those outstanding
34 bonds.

35 SEC. 4. Section 2704.78 is added to the Streets and Highways
36 Code, to read:

37 2704.78. (a) (1) Notwithstanding any other provision of law,
38 bond funds made available pursuant to Chapter 20 (commencing
39 with Section 2704) shall not be expended for high-speed rail

1 purposes, and no additional bonds shall be issued or sold pursuant
2 to that chapter, on and after the effective date of this section.

3 (2) This subdivision shall not preclude the use of bond proceeds
4 to retire high-speed rail bond debt to the extent authorized by law.

5 (b) This section shall become inoperative on November 5, 2014,
6 and as of January 1, 2015, is repealed unless a later enacted statute,
7 that is enacted before January 1, 2015, deletes or extends the dates
8 on which it becomes inoperative and is repealed.

9 SEC. 5. Sections 2 and 3 of this act, adding Sections 2704.045
10 and 2704.096 to the Streets and Highways Code, would modify
11 the single object or work of a general obligation bond act
12 previously submitted to the voters by the Legislature pursuant to
13 Section 1 of Article XVI of the California Constitution, and
14 subsequently approved by the voters as Proposition 1A at the
15 November 4, 2008, statewide general election. Accordingly,
16 Sections 2 and 3 of this act shall become effective only upon
17 approval by the voters. The Secretary of State shall submit Sections
18 2 and 3 of this act to the voters on the ballot of the next statewide
19 general election.

20 SEC. 6. This act is an urgency statute necessary for the
21 immediate preservation of the public peace, health, or safety within
22 the meaning of Article IV of the Constitution and shall go into
23 immediate effect. The facts constituting the necessity are:

24 In order to make necessary amendments to the Safe, Reliable
25 High-Speed Passenger Train Bond Act for the 21st Century as
26 quickly as possible to prevent any further funding of a high-speed
27 passenger train system that differs in both cost and substance from
28 the project approved by the voters in 2008, it is necessary that this
29 act take effect immediately.