



projections, expenditures, and project schedule. (PUC 185033.5)

- 6) Establishes the Office of the High-Speed Rail Inspector General (OIG) and gives it the authority to initiate an audit or review of the Authority and gives it specific duties and responsibilities relating to reviewing the Authority's business plans and PURs. (PUC 187020)

**This bill:**

- 1) Requires the biennial PUR, in addition to existing statutory requirements, to include:
  - a) An explanation of the assumptions used for financing methods calculations;
  - b) A comparison of the current and projected work schedule to projected schedules in previous PURs;
  - c) An analysis of potential ancillary revenue sources; and,
  - d) A comparison and benchmarking of cost, scope, and timeline to international high-speed rail projects.

**COMMENTS:**

- 1) *Purpose of the bill.* According to the author, "The High-Speed Rail Project has been a decades-long investment in our transit system, our environment, and our economy. It is essential that we maintain transparency into the project's cost, scope, and progress. The High-Speed Rail PUR is published and submitted to the Legislature every two years and provides an important record of the Authority's progress and their projections for the future. As the Authority completes its comprehensive review of the Project's design criteria, scope, cost, procurement strategy, ridership, and schedule, SB 1177 will ensure that critical project information about the Projects implementation continues to be reported to the Legislature and made available to the public.

"In the 2025 PUR, the High-Speed Rail Authority stated that it was going to comprehensively review its design criteria, scope, cost, procurement strategy, ridership, and schedule for the High-Speed Rail Project. While we welcome an updated assessment of these factors, previous PURs have included certain useful data, insights, and analyses that our office wants to continue to see included in future PURs. SB 1177 would codify this data and analysis in the list

of required information that must be included in each PUR.”

- 2) *California High-Speed Rail*. Development of high-speed rail in California began nearly 30 years ago. SB 1420 (Kopp, Chapter 796, Statutes of 1996), created the Authority to direct development and implementation of intercity high-speed rail service that would be fully coordinated with other public transportation services. The Authority is part of CalSTA and is governed by an eleven-member Board of Directors. The Governor appoints five members of the board, the Senate Rules Committee appoints two, and the Assembly Speaker appoints two. Additionally, the board includes two ex-officio, non-voting members, one member of the Assembly and one member of the Senate.

In 2008, voters approved Proposition 1A, the Safe, Reliable, High-Speed Passenger Train Bond Act, a \$9.95 billion general obligation bond to fund the proposed California high-speed rail project and related improvements. As envisioned at the time of the ballot measure, the project was to consist of an 800-mile dedicated high-speed passenger rail system capable of speeds up to 220 miles per hour, initially serving the major metropolitan market of San Francisco through the Central Valley into Los Angeles and Anaheim (Phase I), with service eventually extending to Sacramento, the Inland Empire, and San Diego (Phase II).

In July 2012, the Legislature approved SB 1029 (Committee on Budget and Fiscal Review, Chapter 152, Statutes of 2012), that appropriated nearly \$8 billion in federal and state funds to begin the construction between Madera and Bakersfield. SB 1029 funded three components of the project, including \$5.8 billion (\$3.2 billion from federal grants and \$2.6 billion from Proposition 1A) to fund the construction of the high-speed rail “backbone” in the Central Valley; \$819 million of Proposition 1A bonds for “connectivity” projects on existing rail and transit systems throughout the state; and \$1.1 billion for the “bookends” projects in the Bay Area and Southern California (\$600 million for the electrification of Caltrain and \$500 million for projects in the Los Angeles Basin) to improve existing rail corridors for eventual use by the high-speed rail system.

Further, the 2014-15 state budget trailer bill SB 862 (Committee on Budget and Fiscal Review, Chapter 36, Statutes of 2014), continuously appropriated 25% of the revenues derived from the state’s Cap-and-Trade program to the project. Additionally, the Legislature approved SB 198 (Committee on Budget and Fiscal Review, Chapter 71, Statutes of 2022), which required the Authority to focus its resources on finishing a usable high-speed segment from Merced to Bakersfield, which is defined as a 171-mile electrified dual-track segment with

a new combined station in downtown Merced. SB 198 also limited spending outside of the Merced to Bakersfield line. Finally, in 2025, through AB 1207 (Irwin, Chapter 117, Statutes of 2025) and SB 840 (Limon and McGuire, Chapter 121, Statutes of 2025), the Legislature extended the Cap-and-Trade program through 2045, renaming it Cap-and-Invest. SB 840 also allocated \$1 billion of Cap-and-Invest funds annually to the Authority through 2045.

- 3) *Financial constraints.* Despite the large level of investment in high-speed rail over the past years, the project is still vastly short of its funding needs. When Proposition 1A bonds were approved in 2008, the cost for the project was estimated at \$45 billion, to be paid for by a mix of state bonds, federal grants, and private investments. Since then, the cost of the project has risen markedly, with the 2026 Draft Business Plan providing a total 65% confidence interval price estimate for Phase I at just shy of \$128 billion. The same plan places the projected cost for the Merced-Bakersfield segment at \$34.8 billion. These estimates also include a number of cost-saving measures identified during a new “bottom-up cost review” that adjusted the Authority’s overall financing assumptions. This review further included explicit and implicit scope changes to the project, such as moving the Merced and Bakersfield stations outside of the downtown area and reducing the amount of dual-track rail to 20 miles across the entire segment. Finally, these changes also come on the heels of the Authority dropping efforts to retain \$4 billion in disputed federal grant funds, effectively relinquishing the money.

Despite these challenges, the Authority projects that they currently have the funds to complete the Merced-Bakersfield segment. However, this funding does not mean that they have cash on hand to align with planned construction schedules. The Authority’s most recent financial outlook assumes that they are able to secure these near-term funds through financing based on their ongoing Cap-and-Invest appropriations. Additionally, this outlook requires that the Legislature approves the aforementioned scope changes to the plan that is currently outlined in SB 198. As noted, these changes include controversial decisions, including relocating the Merced station outside of the downtown area.

In order to fund the remaining parts of Phase I, the Authority proposes to enter a number of so-called P3 agreements. These public-private partnerships aim to bring significant private capital into the project to close the large funding gap. The Authority has also laid out plans to explore what they call ancillary revenue sources. These are various forms of value-capture, aiming to produce additional revenues based on the overall economic growth facilitated by the project itself. Some of these proposed revenue sources include advertising, baggage fees,

parking fees, station retail, sponsorship deals, telecommunications infrastructure, and ground leases, among others. However, a recent report<sup>1</sup> by the Legislative Analyst's Office has called into question whether even the sum total of these efforts will be sufficient to close the Phase I funding gap.

- 4) *Required reporting.* As part of its reporting and transparency requirements, the Authority is required to prepare, publish, and adopt a Business Plan every even numbered year outlining key required elements of the high-speed rail project. Those elements include project development information, including a description of the type of service being developed; the timing and sequencing of project phases and segments; estimated capital costs; ridership estimates; and a discussion of reasonable foreseeable risks and strategies to manage those risks. Additionally, the Business Plan is required to contain estimates and descriptions of the total anticipated federal, state, local, and other funds the Authority intends to access for the construction and operation of the system.

SB 198 further added requirements for the Business Plan, including a set of specific delivery schedules for various components of the Central Valley project; updates to cost estimates with a stated probability level; an updated funding plan for Merced to Bakersfield, including any new funding awards; and any additional milestones required for the completion of the Merced to Bakersfield segment. These were enhanced again by AB 377 (Tangipa, Chapter 81, Statutes of 2025), which outlined specific requirements to be reported on the overall funding plan for the Merced-Bakersfield segment.

In addition to the Business Plan, the Authority is also required to prepare a PUR by March 1 of every odd numbered year that provides certain updated information including a program wide summary, as well as details by project segment, including information about the progress of the project, budget projections, expenditures, and project schedule.

- 5) *SB 1177 requires more reporting consistency.* Both the Business Plan and PUR are required to contain specific, statutorily outlined information about the high-speed rail project. However, these reports commonly contain additional information beyond these requirements. This information is often helpful in providing additional context about the overall state and trajectory of the project, as well as to help track progress on the project over time. SB 1177 proposes to mandate the inclusion of this additional information in future PURs. For example, recent reports have either directly contained or referred to other public documents that contain information about many of the items this bill would mandate. These include the financing assumptions made by the Authority in

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<sup>1</sup> <https://lao.ca.gov/Publications/Detail/5020>

preparing its budget numbers, an analysis on potential ancillary revenue sources for the project, and certain types of comparisons to other international high-speed rail projects. Thus, this bill would help provide a consistency in the type of information provided that would enable better tracking of how the project has evolved over time.

According to the bill sponsors, “SB 1177 will codify the additional elements from recent PURs into statute to ensure that as the Authority updates its design criteria, consistent project information continues to be submitted to the Legislature. That consistency will help the Legislature maintain long-term transparency and accountability as California continues to invest in our high-speed rail transformation.”

#### **RELATED/PREVIOUS LEGISLATION:**

**AB 377 (Tangipa, Chapter 81, Statutes of 2025)** – Required the biennial Business Plan to provide additional details on the funding plan for the Merced-Bakersfield segment.

**SB 545 (Cortese, 2025)** – Would have required the Office of Land Use and Climate Innovation (LCI), on or before July 1, 2027, to commission a study and submit a progress report to the Legislature on funding and economic opportunities along high-speed rail corridors, as specified, with a final report due January 1, 2028. *This bill was held in Assembly Appropriations Committee.*

**SB 840 (Limon and McGuire, Chapter 121, Statutes of 2025)** – Extended the Cap-and-Trade program through 2045, renaming it Cap-and-Invest, and appropriated \$1 billion annually of Cap-and-Invest funds to the Authority.

**SB 1260 (Niello, 2024)** – Would have required OIG to conduct two independent reviews related to the high-speed rail project. *This bill was held in Senate Transportation Committee.*

**SB 198 (Committee on Budget and Fiscal Review, Chapter 71, Statutes of 2022)** – Appropriated the remaining \$4.2 billion Proposition 1A bonds for the high-speed rail project, created the High-Speed Rail OIG, and laid out certain requirements for the prioritization of the Central Valley Segment.

**AB 95 (Committee on Budget, Chapter 12, Statutes of 2015)** – Required the Authority to produce a biennial Project Update Report on years when a Business Plan was not required.

**SB 862 (Committee on Budget and Fiscal Review, Chapter 36, Statutes of 2014)** – Continuously appropriated 25 percent of the revenues derived from the state’s Cap-and-Trade program to the project.

**SB 1420 (Kopp, Chapter 796, Statutes of 1996)** – Created the Authority to direct development and implementation of intercity high-speed rail service that would be fully coordinated with other public transportation services.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: Yes    Local: No

**POSITIONS:** (Communicated to the committee before noon on Wednesday, April 1, 2026.)

**SUPPORT:**

U.S. High Speed Rail Association (Sponsor)  
Climate Action California (UNREG)  
Transbay Coalition

**OPPOSITION:**

City of Burbank

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