
THIRD READING

Bill No: SB 1177
Author: Cortese (D)
Introduced: 2/18/26
Vote: 21

SENATE TRANSPORTATION COMMITTEE: 9-3, 4/7/26

AYES: Cortese, Archuleta, Arreguín, Blakespear, Gonzalez, Grayson, Menjivar, Richardson, Wiener

NOES: Strickland, Seyarto, Valladares

NO VOTE RECORDED: Dahle

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: High-Speed Rail Authority: project update report

SOURCE: U.S. High Speed Rail Association

DIGEST: This bill requires the California High-Speed Rail Authority's (Authority) biennial project update report (PUR) to include certain additional information about the budget, schedule, and planning of the high-speed rail project.

ANALYSIS:

Existing law:

- 1) Creates the Authority in the California State Transportation Agency (CalSTA). (Public Utilities Code (PUC) § 185020)
- 2) Requires the Authority to direct the development and implementation of an intercity high-speed rail service. (PUC § 185030)
- 3) Requires the Authority to submit to the Legislature no later than March 1, 2017, and every two years thereafter, a PUR containing specified information that includes at a minimum, 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. (PUC § 185033.5)

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.”
- 2) *California High-Speed Rail.* Development of high-speed rail in California began nearly 30 years ago with the creatin of the Authority. However, the project did not gain steam until 2008 when voters approved Proposition 1A, the Safe, Reliable, High-Speed Passenger Train Bond Act. This was 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. 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. 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 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.

- 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.

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) *This bill 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. This bill 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 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.

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

SUPPORT: (Verified 4/20/26)

U.S. High Speed Rail Association (Source)

Climate Action California

Transbay Coalition

OPPOSITION: (Verified 4/20/26)

City of Burbank

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