
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1425 (Cortese) - High-Speed Rail Authority: property: right-of-way

Version: March 25, 2026

Urgency: No

Hearing Date: May 11, 2026

Policy Vote: TRANS. 10 - 2, JUD. 11 - 1

Mandate: Yes

Consultant: Mark McKenzie

Bill Summary: SB 1425 would establish a permit program administered by the High-Speed Rail Authority (HSRA) to issue encroachment permits for activities within its right-of-way, as specified. The bill would also create new rights of action and new misdemeanor violations for placing unpermitted encroachments in the HSRA right-of-way and for damaging the right-of-way, and establish authority to recover damages and costs, as specified.

Fiscal Impact:

- **HSRA administrative costs:** The HSRA indicates that it does not anticipate the need for additional positions at this time, and expects the permit process to generate sufficient revenues to offset costs. Staff estimates, however, that the HSRA would be required to dedicate significant staff time, at a cost that would be at least in the high hundreds of thousands of dollars in the near term, for workload associated with establishing and implementing an encroachment permit program. Specifically, HSRA would need to develop and adopt regulations to establish permit application processes and procedures, establish a program of permitting fees, and prescribe a process for adjudicating appeals of permitting decisions. HSRA would incur ongoing administrative costs for reviewing and approving permits, conducting inspection and supervision of work within the rights-of-way to ensure compliance with permitting conditions, and undertaking legal action for violations. Once the program is fully operational and the corridor expands, HSRA would likely need to add positions through the annual budget process, and costs to administer the encroachment permitting program would likely eventually be in the low millions annually. Staff notes that ongoing costs are anticipated to be fully offset by encroachment permit fees. (High-Speed Rail Property Fund, Greenhouse Gas Reduction Fund [GGRF])
- **Unknown encroachment permit fee revenues and penalty revenue gains.** The bill authorizes the HSRA to establish a schedule of fees for permit applications, and specifies various fines and civil penalties for encroachment violations, performing encroachments without a permit, and willfully damaging any portion of the HSRA right-of-way, as specified. All revenues would be deposited into the High-Speed Rail Property Fund, which would be available, upon appropriation by the Legislature, for administering the encroachment permit program and for the development, improvement, and maintenance of the high-speed rail system.
- **Unknown, potentially significant court cost pressures for new workload to adjudicate additional actions for the recovery of specified damages, penalties for various new violations, and recovery of costs and expenses, including attorney's and expert fees.** (Trial Court Trust Fund, General Fund). The actual fiscal impact on the courts will

depend on many unknown factors, including the number of cases filed and the factors unique to each case. (See Staff Comments)

Background: Existing law establishes the HSRA to develop and implement a high-speed rail system in the state, and vests it with specified powers and duties, including those related to the acquisition of rights-of-way through purchase and eminent domain proceedings, as specified. Existing law requires the HSRA to submit a biennial business plan to the Legislature that contains specified information that includes project schedule, scope, and cost, as well as forecasted patronage and maintenance and operating costs. Existing law requires the HSRA to submit a biennial project update report (PUR), which must be approved by the Secretary of Transportation and submitted to the Legislature, on the development and implementation of intercity high-speed train service. The report, at a minimum, must include a program-wide summary, and details by project segment, with all information necessary to clearly describe the status of the project, as specified. Existing law establishes the Office of the Inspector General and provides the office with the authority to initiate an audit or review of the HSRA, including specific duties and responsibilities relating to reviewing the HSRA business plans and project update reports.

Existing law establishes the Department of Transportation (Caltrans), and provides the Department with various powers and duties, including but not limited to, planning, designing, constructing, operating, and maintaining the State's highway system, as specified. Existing law authorizes Caltrans to issue permits for encroachments on its right-of-way, and establishes a process for issuance of encroachment permits, including the development of a fee schedule and a timeline for review of permit applications, as specified. Existing law defines right-of-way for the state highways as, "all, or any part, of the entire width of right-of-way of a state highway, whether or not the entire area is actually used for highway purposes." This includes any airspace over and under state highways as well. For Caltrans, encroachment permits are issued for activities such as the installation, maintenance, or removal of utilities; landscaping and hardscaping; commercial filming activities; special events; surveys; temporary traffic control; and modifications and improvements to the highway infrastructure.

Unlike Caltrans, current law limits HSRA's authority to control its right-of-way. Specifically, the HSRA can issue access permits, through Joint Use Agreements or Consent to Common Use Agreements, but only for utilities that had initially been identified as being impacted by the project. These so-called impacted entities are those that were identified in the scoping of the project, requiring them to relocate or replace their utility infrastructure. For other entities that were not initially identified as impacted, or non-impacted entities, that may request access to the HSRA's right-of way, there is no law providing for the issuance of encroachment permits.

Proposed Law: SB 1425 would establish a permit process that authorizes the HSRA to issue encroachment permits for accessing the HSRA's right-of-way, as specified. (See the Senate Transportation Committee's analysis for a full description of this bill's provisions). Among other things, this bill would do the following:

- Define an "encroachment" as any of the following:
 - Installation of any tower, pole, pipe, fence, building, structure, sign, billboard, vegetation, object, or improvement of any kind or character not particularly

- mentioned in this chapter, that is placed in, on, under, or over any portion of the HSRA's right-of-way.
- Performance of any activity, event, use, access, or other intrusion of any kind or character not particularly mentioned in this chapter, that occurs in, under, or over any portion of the HSRA's right-of-way.
 - Define an "encroachment permit" as the HSRA's written authorization for a person to install or perform an encroachment within the HSRA's right-of-way that is not inconsistent with the function, operation, maintenance, enlargement, rehabilitation, safety, or security of any portion of the right-of-way or any feature of the high-speed train system.
 - Require any person proposing to install or perform an encroachment within the HSRA right-of-way to submit an application, along with all reports, studies, plans, analyses, and other supporting documents as required by the HSRA.
 - Authorize the HSRA to issue an encroachment permit, as specified, that authorizes a permittee to install or perform any kind of encroachment that is not inconsistent with the function, operation, maintenance, enlargement, rehabilitation, safety, or security of the high-speed train system or the HSRA right-of-way. Declares that by issuing an encroachment permit, the HSRA is not responsible for the competence or reliability of the permittee or the encroachment.
 - Require the HSRA to approve or deny a permit application no later than 60 days from the date of receipt of a complete application. The HSRA must determine whether the application is complete within 30 days of receiving an application.
 - Require the HSRA, if it denies a permit application, to provide reasons for the denial. The applicant may address the reasons for denial and resubmit a revised permit application, and the HSRA must approve or deny a resubmitted application no later than 60 days from the date of receipt of a complete resubmitted application.
 - Require an appeal of a denied permit application to be made in writing to the HSRA Executive Director. A final written determination must be made within 60 days of receipt of a written appeal, and an appellant must pay a fee to the HSRA of not more than 50% of the estimated administrative cost for conducting the appeal.
 - Authorize the HSRA to prescribe requirements in the encroachment permit, including a requirement that the permittee pay the entire expense of restoring the portions of the right-of-way or features of the high-speed train system affected by a permittee's encroachment to a condition equivalent to that before the encroachment was installed or performed, and requirements relating to the location and manner in which the restoration work shall be performed, as specified.
 - Require an encroachment permit to include a provision that requires the permittee to relocate or remove the encroachment if the encroachment is deemed to impact high-speed train system operations, safety, or maintenance at any point of time or if future repair, rehabilitation, or improvement of the high-speed train system requires the relocation or removal of that encroachment, at the sole expense of the permittee.
 - Authorize the HSRA to inspect the work performed under any encroachment permit, and require the permittee to pay for the cost of any inspections.
 - Authorize the HSRA to establish a fee schedule and charge fees, except to any public corporation. The fee schedule must not produce a total estimated revenue more than the estimated total cost to the HSRA for administering the permit process, as specified. All fee revenues collected under the encroachment permit program must be deposited into the High-Speed Rail Property Fund.

- Declare that any person who installs or performs an encroachment within the HSRA right-of-way without an encroachment permit is guilty of a misdemeanor.
- Authorize the HSRA to commence an action to abate an unauthorized encroachment as a public nuisance, and recover \$5,000 for each day that the encroachment remains after provided notice and expiration of a response period, as specified, and may also recover the expense of removal, and costs and expenses of the suit, including attorney's fees.
- Declare that any person who by any means injures or damages any feature of the high-speed train system or the HSRA right-of-way is liable for necessary repairs, and the HSRA may recover in an action at law the amount expended for the repairs, together with the costs and expenses, including attorney's fees, incurred in that action. Any person who willfully damages any feature of the high-speed train system or any portion of the authority's right-of-way is guilty of a misdemeanor.
- Declare that any person that digs up, cuts down, destroys, prunes, trims, or otherwise injures any shrub within the HSRA right-of-way without a permit shall be liable for a penalty in the sum of \$5,000 for each shrub so damaged. The HSRA may recover the penalty in court, including attorney's and expert fees, incurred in the action and the actual costs incurred because of the damage to any shrub on the HSRA right-of-way.
- Provide for civil penalties for specified categories of encroachment and, unless authorized by law or an encroachment permit, makes it unlawful to manage water flows in certain ways that impact the high-speed train system or the HSRA right-of-way, as specified.
- Require revenues deposited into the High-Speed Rail Property Fund from encroachment permit fees to be available, upon appropriation by the Legislature, for the administration of the permit program, as specified.
- Require revenues deposited into the Fund from any penalties imposed pursuant to this bill to be available to the HSRA, upon appropriation by the Legislature, for use in the development, improvement, and maintenance of the high-speed rail system.

Related Legislation: SB 1411 (Stern), which is currently pending in this Committee, would delete a provision that prohibits the HSRA, through June 30, 2030, from entering into new funding agreements that cumulatively exceed \$500 million in GGRF revenues for specified activities outside the Merced to Bakersfield segment. The bill would instead allow the HSRA to enter into new agreements with GGRF funds, without limitation through June 30, 2030, for activities outside that segment that are related to early works and projects developed through public partnership or public-private partnership agreements, as specified.

Staff Comments: As noted above, this bill creates several new misdemeanor violations and new rights of action to recover penalties for various violations specified in the bill, and to recover costs and expenses, including attorney's and expert fees, as well as damages. The specific number of new actions that would be filed under the bill is unknown, and actual fiscal impacts on the courts will depend upon many unknown factors that would be unique to each case. Staff notes that it generally costs about \$10,500 to operate a courtroom for one eight-hour day. If cases brought as a result of this bill take an additional 40 hours of court time in the aggregate in a given year, the cost pressures to the courts would surpass the Suspense File threshold. Although courts are not funded on the basis of workload, increased staff time and resources

resulting from additional case filings may result in delayed court services and create a need for enhanced support from the General Fund to fund court operations. Staff notes that trial court operations have cumulatively received over \$1 billion from the General Fund over the last five Budget Acts to improve service levels. The Governor's Proposed 2026-27 Budget includes \$70 million in ongoing support from the General Fund to continue to backfill the fund imbalance in the Trial Court Trust Fund and help pay for trial court operations. The Proposed Budget includes total funding of \$5.3 billion (\$3.3 billion General Fund and \$2 billion other funds) in 2026-27 for the Judicial Branch, of which \$3 billion is provided to support trial court operations.

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