Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1425 (Cortese) – As Amended July 2, 2026

Policy Committee:	Transportation	Vote:	11 - 3
	Judiciary		9 - 3
	Utilities and Energy		11 - 3

Urgency: No   State Mandated Local Program: Yes   Reimbursable: No

SUMMARY:

This bill grants the High-Speed Rail Authority (HSRA) the power to issue encroachment permits within the HSRA's right-of-way.

More specifically, this bill, among other things:

1) Empowers the HSRA to issue an encroachment permit to allow a permittee to install or operate an encroachment in the HSRA's right-of-way that is not inconsistent with the purpose, operation or security of the high-speed rail system and authorizes the HSRA to charge a fee for this purpose.

2) Provides that a person that installs or performs an encroachment in the HSRA's right-of-way without first obtaining a permit from the HSRA or that enters into the right-of way without the HSRA's prior express consent, including under emergency situations, is guilty of a misdemeanor.

3) Prescribes procedures and timelines by which the HSRA is to accept and consider applications for encroachment permits, including denials and appeals of denials.

4) Establishes procedures by which the HSRA is to notify an encroachee of the need to remove an encroachment and empowers the HSRA to remove an encroachment under certain circumstances.

5) Authorizes the HSRA or the Attorney General (AG) to seek civil penalties of $5,000 for each day an encroachment remains beyond specified response periods and authorizes the HSRA or the AG to file a civil action to abate such an encroachment as a public nuisance.

6) Generally prohibits a person from draining water from their land onto HSRA's right-of-way, or taking similar actions on the HSRA's right-of-way, and authorizes the HSRA or AG to seek civil penalties similar to those described in item 5, above, as well as any amount the HSRA expends for resulting repairs.

7) Empowers the Department of the California Highway Patrol (CHP) and any peace officer to enforce the provisions of this bill.

8) Requires any money recovered pursuant to this bill, other than any reasonable attorney's fees, be deposited in the High-Speed Rail Property Fund, to be used, upon appropriation, for

specified purposes and, if the money is the proceed of fees, consistent with the appropriate use of fee revenue.

9) Provides the authority given by the bill does not limit the powers and duties of the California Public Utilities Commission (CPUC) and that, in the case of conflict, the powers and duties of the CPUC prevail and makes parallel provisions regarding the powers and duties vested by specified federal law.

FISCAL EFFECT:

1) HSRA will need to dedicate significant resources to the development, implementation and administration of the encroachment permitting program this bill authorizes. Costs will likely be in hundreds of thousands of dollars to millions of dollars (special fund).

   The HSRA contends it does not anticipate a need for additional positions to implement this program "at this time" and describes the proposed permit program as designed to "generate sufficient revenue to offset any resulting administrative costs."

2) The Department of Justice (DOJ) anticipates significant new costs resulting from an increase in litigation in which DOJ will represent state agencies (Legal Services Revolving Fund). The DOJ estimates these costs at $267,000 in fiscal year 2026-27 and $432,000 annually thereafter to fund a deputy attorney general and a legal secretary in DOJ's Tort and Condemnation Section within the Civil Law Division.

   In addition, the DOJ projects costs to its Land Use and Conservation Section to file civil actions to recover the expenses of removing encroachments, seek civil penalties for encroachment violations and to abate encroachment as a public nuisance. However, the DOJ describes these costs as "currently unquantifiable."

3) Cost pressure on the courts, to the extent this bill results in significant new court activity (General Fund (GF), Trial Court Trust Fund (TCTF)). Judicial Council estimates the workload cost of one hour of court time is $1,000. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a need for increased court funding from the GF to perform existing duties. The state budget provides annual GF backfills to the TCTG to offset revenue reductions; the Budget Act of 2025 includes $117.3 million for such a backfill.

COMMENTS:

1) **Purpose.** The author describes it as "vital" that the HSRA be able to protect its rights-of-way from encroachments that may interfere with or delay construction or operation of the high-speed rail system. The author contends this bill "will facilitate timely construction by establishing a permitting program for encroachments that are consistent with the functions and operations of the project's right-of-way" and that "A clear encroachment permitting process will help ensure that the Authority can protect the project's land and work more effectively."

2) **Background.** Statute in 1996 created the HSRA to plan and construct a high-speed rail system that would link the state's major population centers. In November 2008, voters

approved Proposition 1A, which authorized the state to sell $10 billion in general obligation bonds to partially fund the system, as well as related projects.

Over the years, the project has faced challenges, including inadequate funding (despite more than $14 billion in expenditures) and delays caused by right of way acquisition and utility relocations. To date, no high-speed train operates on the line.

In 2022, the Legislature created the HSRA-Office of Inspector General (OIG). The Legislature provided the HSRA-OIG with broad oversight authority and assigned to it several specific duties, among them: (a) conduct independent fiscal estimates and reviews of HSRA's plans and estimates for project advancement and make findings of their reasonableness, (b) conduct audits and investigations, (c) identify best practices and recommend policies to HSRA and (d) review HSARA's contracts and contracting practices to determine whether they are executed consistent with state and federal laws and policies and are conducted in a fair and reasonable manner, providing the state with valued services at reasonable cost.

In February of 2025, the HSRA-OIG released a report ("Report 25-R-01") on its review of the HSRA's progress on the Merced-to-Bakersfield segment of the high-speed rail corridor and the likelihood HSRA would complete the segment by the target set by HSRA, 2033. The HSRA-OIG warned of "the potential for significant uncertainty and risk" and concluded "staying within the 2033 schedule envelope is unlikely." In a subsequent report published that same month ("Report 25-R-02"), the HSRA-OIG found HSRA "lacks leverage to help ensure that third parties do not themselves needlessly delay negotiations" and recommended HSRA work with the Legislature "to implement changes to state law to improve its ability to resolve third-party delays in a timely manner."

In its 2026 business plan, the HSRA made a number of recommendations to better allow it to successfully build and, eventually, operate the high-speed rail system. Among those recommendations:

> The Authority is in need of explicit authority to issue encroachment permits within its right-of-way, allowing utilities and businesses to build, install, or cross infrastructure on Authority property.
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> Many organizations have already expressed the need for reliable access to the corridor. This authority could be modeled after Caltrans and the Department of Water Resources authorities that would help streamline coordination, improve project efficiency, and support economic activity along the corridor.

The HSRA has been heavily involved with the development of this bill.

3) **Support and Opposition**. This bill is supported by, among others, the State Building and Construction Trades Council, which writes:

> SB 1425 will facilitate the timely construction of this transformational project by removing unnecessary barriers to its completion. A codified permitting process will help ensure that the Authority can protect the

project's land, facilities, and rights-of-way and work more effectively with local property owners and businesses.

The bill is opposed by many public and private utilities. For example, the California Municipal Utilities Association asserts the bill "raises concerns regarding cost responsibility, operational impacts, and the balance of authority between the Authority and publicly owned utilities." Similarly, the state's largest privately owned utilities—Pacific Gas and Electric, Southern California Edison and Southern California Gas—together object to the bill, describing it as establishing "an encroachment-permit regime that threatens the safety, reliability, and affordability of natural gas and electric service for millions of Californians and does so in ways that go well beyond what is necessary to achieve the bill's stated objectives."

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