

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

April 10, 2026

Agenda Item 3a

Senate Bill 1411 (Stern): Greenhouse Gas Reduction Fund: High Speed Rail

Subject:

Revises California High Speed Rail funding conditions to eliminate the cap on expenditures outside the Central Valley Merced-to-Bakersfield segment.

Background:

In 1996, Senate Bill (SB) 1420 (Kopp) established the California High-Speed Rail Authority (Authority) to plan and construct a high-speed rail system (HSR) to link the state's major population centers. California voters approved Proposition 1A in 2008, which established criteria for development of the system and authorized \$9 billion in bond funding to begin implementation.

Since that time, the program's funding sources have evolved, with revenues from the state's Cap-and-Invest program – deposited into the Greenhouse Gas Reduction Fund (GGRF) – now representing the primary source of funding for the project. According to the Authority's 2026 Draft Business Plan, GGRF revenues are projected to provide approximately \$28 billion of the \$39 billion in California High-Speed Rail's total "authorized and projected" future funding.

In 2022, the legislature enacted SB 198, a transportation budget trailer bill that made changes to project oversight and prioritized the completion of the Merced-to-Bakersfield (Central Valley) segment, among other provisions. SB 198 limited the use of Proposition 1A funds appropriated in 2021 and thereafter to the delivery of the Central Valley segment and capping at \$500 million new GGRF expenditures for investments outside the segment until the Central Valley segment is fully funded or June 30, 2026, whichever is sooner. SB 198 further required that, before investing GGRF funds outside the Central Valley segment (within the \$500 million cap), the Authority must first notify the Legislature and the Office of the Inspector General. The Inspector General must complete a cost-benefit analysis and determine that the proposed expenditure is consistent with legislative intent and will not delay delivery of the Central Valley segment.

SB 1411 would remove the \$500 million cap, while retaining the existing statutory process for legislative notification and Inspector General review.

Recommendation:

Support and Seek Amendments / Commission

Discussion:

The transformational potential of California High-Speed Rail hinges on a seamless connection into the state's population and job centers in the San Francisco Bay Area and the Los Angeles region. As such, MTC and Bay Area partners have consistently supported advancing "bookend" projects now, in conjunction with advanced design for the Northern California HSR segment, to ensure the Bay Area is ready once the Authority completes construction on the Central Valley segment. In August 2025, MTC joined a Bay Area Cap-and-Invest reauthorization letter with our South Bay and Peninsula partners identifying key "bookend" projects – San Jose Diridon Station, the Portal, Caltrain electrification from San Jose to Gilroy and grade separation and crossing safety upgrades – and outlining the benefits of delivering near-term mobility and climate improvements while laying the foundation for future high-speed rail service. (See Attachment A). While the Cap-and-Invest reauthorization provided \$1 billion annually for California High-Speed Rail, it did not explicitly provide funding for bookend projects.

SB 1411 removes the \$500 million cap on expenditures outside the Central Valley, advancing a similar goal of enabling investment in connectivity to the Bay Area, but through flexibility rather than dedicated investment. However, the SB 198 statutory requirements requiring Inspector General review and findings prior to expenditure on bookend projects could create procedural barriers to investment in bookend projects. Staff therefore recommends MTC support the bill and seek amendments to remove these procedural hurdles.

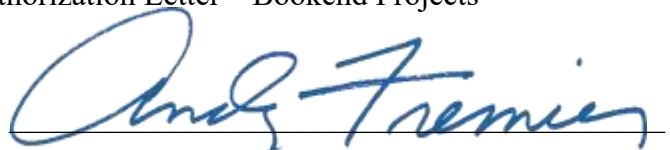
Known Positions:

Support: Association of General Contractors, Climate Action California, Streets for All

Oppose: None on file

Attachments:

- Attachment A: Cap-and-Invest Reauthorization Letter – Bookend Projects



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