

PLEASE NOTE: After the printing of the Voter Information Guide was underway, Proposition 1 was removed from the ballot pursuant to statute. It will be replaced by Proposition 1A on the ballot. A Supplemental Voter Information Guide will be printed to provide voters with the text, analyses, arguments, and other information about the measure required by law.

HIGH SPEED RAIL BONDS. LEGISLATIVE INITIATIVE AMENDMENT.

- Provides \$9 billion for building a new high-speed railroad between San Francisco and Los Angeles.
- Funds rail expansion to other locations if money becomes available.
- Provides \$950 million for connections to the high-speed railroad and for repairing, modernizing and improving passenger rail service, including tracks, signals, structures, facilities and rolling stock.
- Total funding provided is \$9.95 billion from general obligation bonds.

Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact:

- State costs of about \$19.4 billion over 30 years to pay off both principal (\$9.95 billion) and interest (\$9.5 billion) costs of the bonds. Payments of about \$647 million per year.
- Additional unknown costs, probably in excess of \$1 billion a year, to operate and maintain a high-speed rail system. The costs would be at least partially offset by passenger fare revenues, depending on ridership.

FINAL VOTES CAST BY THE LEGISLATURE ON SB 1856 (PROPOSITION 1)

Senate:	Ayes 27	Noes 6
Assembly:	Ayes 59	Noes 16

**ANALYSIS BY THE LEGISLATIVE ANALYST
BACKGROUND**

Urban, Commuter, and Intercity Rail. California is served by various types of passenger rail services that include urban, commuter, and intercity rail services. Urban and commuter rail services primarily serve local and regional transportation needs. Examples include services provided by Bay Area Rapid Transit in the San Francisco Bay Area, Sacramento Regional Transit light rail, Metrolink in Southern California, and the San Diego Trolley. These services are generally planned by local or regional governments and are funded with a combination of local, state, and federal monies.

Intercity rail services primarily serve business or recreational travelers over longer distances between cities as well as between regions in California and other parts of the country. Currently, the state funds and contracts with Amtrak to provide intercity rail service, with trains that travel at maximum speeds of up to about 90 miles per hour. There are intercity rail services in three corridors: the Capitol Corridor service from San Jose to Auburn, the San Joaquin service

from Oakland to Bakersfield, and the Pacific Surfliner service from San Diego to San Luis Obispo. None of the existing state-funded intercity rail services provide train service between northern California and southern California.

High-Speed Rail. Currently California does not have a high-speed intercity passenger rail system that provides service at sustained speeds of 200 miles per hour or greater. In 1996, the state created the California High-Speed Rail Authority (the authority) to develop an intercity rail system that can operate at speeds of 200 miles per hour or faster to connect the major metropolitan areas of California, and provide service between northern California and southern California.

Over the past 12 years, the authority has spent about \$60 million for pre-construction activities, such as environmental studies and planning, related to the development of a high-speed rail system. The proposed system would use electric trains and connect the major metropolitan areas of San Francisco, Sacramento,

through the Central Valley, into Los Angeles, Orange County, the Inland Empire (San Bernardino and Riverside Counties), and San Diego. The authority estimated in 2006 that the total cost to develop and construct the entire high-speed rail system would be about \$45 billion. While the authority plans to fund the construction of the proposed system with a combination of federal, private, local, and state monies, no funding has yet been provided.

PROPOSAL

This measure authorizes the state to sell \$9.95 billion in general obligation bonds to fund (1) pre-construction activities and construction of a high-speed passenger rail system in California, and (2) capital improvements to passenger rail systems that expand capacity and/or enable train riders to connect to the high-speed rail system. The bond funds would be available when appropriated by the Legislature. General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds.

For more information regarding general obligation bonds, please refer to the section of this ballot pamphlet entitled “An Overview of State Bond Debt.”

The High-Speed Rail System. Of the total amount, \$9 billion would be used, together with any available federal monies and funds from other sources, to develop and construct a segment of the high-speed train system from the San Francisco Transbay Terminal to Los Angeles Union Station. The bond proceeds from this measure may be used to acquire right-of-way, trains, and related equipment, and to construct tracks, structures, power systems, and stations. However, bond proceeds may be used to provide only up to one-half of the total cost of construction of tracks and stations. The measure requires the authority to seek private and other public funds to cover the remaining costs.

After construction of the San Francisco to Los Angeles segment is fully funded, any remaining bond funds may then be used to plan and construct any of the following additional segments:

- Oakland to San Jose
- Sacramento to Merced
- Los Angeles to Inland Empire (San Bernardino and Riverside Counties)
- Inland Empire to San Diego
- Los Angeles to Irvine

Other Passenger Rail Systems. The remaining \$950 million in bond funds would be available to fund capital projects that improve other passenger rail systems in order to enhance these systems’ capacity and/or allow riders to connect to the high-speed rail system. Of the \$950 million, \$190 million is designated to improve the state’s intercity rail services. The remaining \$760 million would be used for other passenger rail services including urban and commuter rail.

FISCAL EFFECT

Bond Costs. The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would make principal and interest payments from the state’s General Fund over a period of about 30 years. If the bonds are sold at an average interest rate of 5 percent, the cost would be about \$19.4 billion to pay off both principal (\$9.95 billion) and interest (\$9.5 billion). The average repayment for principal and interest would be about \$647 million per year.

Operating Costs. When constructed, the high-speed rail system will incur unknown ongoing maintenance and operation costs, probably in excess of \$1 billion a year. Depending on the level of ridership, these costs would be at least partially offset by revenue from fares paid by passengers.

PROP 1 HIGH SPEED RAIL BONDS. LEGISLATIVE INITIATIVE AMENDMENT.

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★ ARGUMENT IN FAVOR OF PROPOSITION 1 ★

Proposition 1 will bring Californians a safe, convenient, affordable, and reliable alternative to soaring gasoline prices, freeway congestion, rising airfares, plummeting airline service, and fewer flights available.

It will reduce California's dependence on foreign oil and reduce greenhouse gases that cause global warming.

Proposition 1 is a \$9.95 billion bond measure for an 800-mile High-Speed Train network that will relieve 70 million passenger trips a year that now clog California's highways and airports—**WITHOUT RAISING TAXES.**

California will be the first state in the country to benefit from environmentally preferred High-Speed Trains common today in Europe and Asia. Proposition 1 will bring California:

—Electric-powered High-Speed Trains running up to 220 miles an hour on modern track safely separated from other traffic generally along existing rail corridors.

—Routes linking downtown stations in **SAN DIEGO, LOS ANGELES, FRESNO, SAN JOSE, SAN FRANCISCO,** and **SACRAMENTO,** with stops in communities in between.

—High-Speed Train service to major cities in **ORANGE COUNTY, the INLAND EMPIRE, the SAN JOAQUIN VALLEY,** and the **SOUTH BAY.**

—Nearly a billion dollars to beef up commuter rail systems that connect to High-Speed Trains.

Proposition 1 will save time and money. Travel from Los Angeles to San Francisco in about 2½ hours for about \$50 a person. With gasoline prices today, a driver of a 20-miles-per-gallon car would spend about \$87 and six hours on such a trip.

Ten years of study and planning have gone into **PREPARING FOR** construction, financing, and operation of a California bullet train network modeled on popular, reliable, and successful systems in Europe and Asia. Their record shows that High-Speed Trains deliver, both in service and economy.

Air travelers spend more time on the ground than in the air today. Proposition 1 will create a new transportation choice that improves conditions at our major airports. There's no room for more runways. High-Speed Trains can relieve that demand.

Electric-powered High-Speed Trains will remove over 12 billion pounds of CO₂ and greenhouse gases, equal to the pollution of nearly 1 million cars. And High-Speed Trains require one-third the energy of air travel and one-fifth the energy of auto travel.

Proposition 1 will protect taxpayer interests:

—Two independent ridership and revenue forecasts by outside experts were subject to tough peer review.

—Existing High-Speed Train system operators are directly involved in oversight of the design of California's system.

—The new system will be subject to legal and financial oversight by the Governor, the Legislature, the Attorney General, and an independent outside expert.

—Proposition 1 bond funds will provide a match for **AT LEAST ANOTHER 9 billion dollars** in federal funding and private investment.

Vote Yes on Proposition 1 to **IMPROVE MOBILITY** and inject new vitality into California's economy by creating nearly 160,000 construction-related jobs and 450,000 permanent jobs in related industries like tourism. These are American jobs that cannot be outsourced.

Vote Yes on Proposition 1.
www.californiahighspeedtrains.com

MICHAEL TURNIPSEED, Executive Director
Kern County Taxpayers Association
GLEN CRAIG, Commissioner (Ret.)
California Highway Patrol
JIM EARP, Executive Director
California Alliance for Jobs

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1 ★

No on 1: A **POLITICAL BOONDOGGLE.**

Politicians who can't solve our budget crisis, fix health care or our schools, put Proposition 1 on the ballot. Even they admit the train is likely to cost at least \$40 billion dollars so this is just a "partial payment" by taxpayers, with **NO** guarantee it will ever get finished.

The project has already wasted \$58 million on consultants, studies, European travel, and glossy brochures. Prop. 1 allows the bureaucrats and politicians to *spend billions more without ever laying one inch of track.* California taxpayers would be on the hook for that money *even if the project were shut down.*

The special interests backing Proposition 1 are notorious for their *cost overruns.* They stand to make billions off this scam.

No on 1: **WILL COST TAXPAYERS \$19,200,000,000.**

Politicians admit that principal and interest payments will cost California taxpayers \$640 million dollars every year for 30 years.

How do the politicians plan on paying for this? **NEW TAXES** or cuts to critical programs like our schools? *Don't be misled—taxpayers are on the hook for the whole \$19,200,000,000.*

No on 1: **EXPAND EXISTING TRANSIT SYSTEMS INSTEAD.**

Californians' problem is not getting from San Francisco to Los Angeles, it's getting into work each day.

Investing the same amount of money in regional transit and highway congestion relief would reduce pollution and our reliance on foreign oil.

NO ON PROP 1: NO accountability, NO congestion relief for suffering commuters, and TAXPAYERS CAN'T AFFORD IT!

HON. TOM McCLINTOCK, State Senator
JON COUPAL, President
Howard Jarvis Taxpayers Association
RICHARD TOLMACH, President
California Rail Foundation

★ ARGUMENT AGAINST PROPOSITION 1 ★

NO on Prop. 1: \$20 Billion Cost for Taxpayers

Prop. 1 is a boondoggle that will cost taxpayers nearly \$20 billion dollars in principal and interest.

Taxpayers will foot this bill—it's not "free money." According to the measure (Article 3, Section 2704.10) ". . . the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds . . ." This measure will take \$20 billion dollars out of the general fund over the life of the bonds. That's over \$2,000 for an average family of four!

NO on Prop. 1: California Taxpayers Can't Afford Higher Budget Deficits

With our budget crisis, billions in red ink, pending cuts to health care, the poor, parks, and schools, now is NOT THE TIME to add another \$20 billion in state debt and interest. The state already has over \$100 BILLION DOLLARS in voter-approved bonds and our bond rating is already among the worst in the nation and this could lower it even further.

NO on Prop. 1—Better Uses for Taxpayer Dollars

California has higher priorities than this \$20 BILLION DOLLAR boondoggle.

What would \$20 billion buy?

- 22,000 new teachers, firefighters, or law enforcement personnel for 10 years.
- Health care for all children in the state for many years.
- Update and improve California's water system to provide a reliable supply of safe, clean water.
- Upgrade and expand existing transportation systems including roads and transit throughout California, *which would really reduce traffic and emissions.*

NO on Prop. 1—No Accountability

Politicians and bureaucrats will control the money. There is not ONE citizen member on the new "finance committee." They are all politicians and bureaucrats.

There are no reporting requirements so the public can see how the money is spent.

No independent, outside audit is required.

NO on Prop. 1—An Open Taxpayer Checkbook

The total cost is estimated to be over \$40 billion and some experts expect it to reach \$100 billion (\$10,000 for the average family of four).

Section 1(d) says the bond funds are ". . . intended to encourage the federal government and the private sector to make a significant contribution toward the construction . . ."

NOTE THE WORD "ENCOURAGED"—that's bureaucratic language for "we will spend taxpayer money regardless of whether we ever get a penny from the private sector or the federal government."

In fact, \$58 million in taxpayer money has ALREADY been spent on this project and not ONE FOOT of track has been laid. Now they want us to trust them with \$10 BILLION more.

NO on Prop. 1—Promoted by Special Interests for Special Interests

The Association for California High Speed Trains is promoting this boondoggle. Their Board represents out-of-state special interests (France, Pennsylvania, New Jersey, Maryland, New York City, Texas, and Illinois), many of whom stand to make millions if this measure passes.

Please Join Us in Voting "NO" on Prop. 1

Log on, learn more, and read it for yourself: www.DerailHSR.com.

HON. TOM McCLINTOCK, State Senator

JON COUPAL, President

Howard Jarvis Taxpayers Association

HON. BOB DUTTON, State Senator

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1 ★

California's high-speed rail network requires NO TAX INCREASE and is subject to strict fiscal controls and oversight.

It's simple and fair—Once completed THE USERS OF THE SYSTEM PAY FOR THE SYSTEM. That's why taxpayer watchdog groups support Proposition 1.

Electric High-Speed Trains will give Californians a *real* alternative to skyrocketing gasoline prices and dependence on foreign oil while reducing greenhouse gases that cause global warming. Building high-speed rail is cheaper than expanding highways, airports, and runways to meet California's population growth.

Gridlock, hassles of flying and long-distance auto travel have become very onerous. Proposition 1 will save time. Travel intercity downtown to downtown throughout California on High-Speed Trains faster than automobile or air travel—AT A CHEAPER COST!

California's transportation system is out-of-date and deteriorating. We need options to poorly maintained roads, jammed runways and congested highways. Californians need what most of the civilized world has—high-speed rail. We've fallen so far behind other states and nations that our crumbling infrastructure threatens our economy.

A 220-mile-an-hour statewide rail system will give Californians a faster, environmentally friendly alternative for travel and commerce.

Proposition 1 is endorsed by law enforcement experts, business leaders, environmentalists, and Californians looking for safe, affordable, and reliable transportation.

Signers of the ballot argument against Proposition 1 are habitual opponents of transportation improvements in California. Their claims are wrong.

Californians need to invest in a new, modern, effective mode of transportation.

Vote Yes on Proposition 1.

www.californiahighspeedtrains.com

MICHAEL TURNIPSEED, Executive Director

Kern County Taxpayers Association

JIM EARP, Executive Director

California Alliance for Jobs

TIMOTHY McCALLION, Chair of the Board of Directors

Los Angeles Area Chamber of Commerce