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AB 377 – High-Speed Rail Funding Plan

Summary:

AB 377 amends the California High-Speed Rail Act by requiring the High-Speed Rail Authority (HSRA) to provide a detailed funding plan for the Merced to Bakersfield segment in its biennial business plan due by May 1, 2026. The funding plan must include an updated estimate of the financial gap required to complete the segment, along with a strategy to address this gap. This measure aims to ensure transparency and accountability in the development of the high-speed rail project and provides a clear framework for securing the necessary resources to move forward with the Merced to Bakersfield segment, as recommended by the Legislative Analyst's Office (LAO).

Existing law:

The California High-Speed Rail Act established the HSRA which is responsible for developing and implementing the state's high-speed rail system. The act mandates that the Authority prepare and submit a biennial business plan, which includes various elements related to the development of the rail project, such as project schedules and updates. The act also requires the Authority to submit a project update report, approved by the Secretary of Transportation, to the Legislature, outlining progress on the development of intercity high-speed train service.

Under existing law, the business plan and project update report must include schedules for the delivery of tasks related to the Merced to Bakersfield segment. However, current law does not specifically require the Authority to provide a detailed funding plan that addresses the financial gap for completing this segment.

Issue:

The development of the high-speed rail system in California, particularly the Merced to Bakersfield segment, has faced significant funding challenges. In 2024, the LAO completed an updated report on the High Speed Rail and looked further into the Merced to Bakersfield segment citing that there is no clear plan for addressing the almost \$7 billion shortfall in funding. The LAO detailed that the lack of a funding plan creates challenges and suggested that a funding plan for the Central Valley segment be implemented through [legislation](#). Without a clear and detailed funding plan, it is difficult for the Legislature and stakeholders to understand the full scope of financial needs and the strategies in place to address them.

Solution:

AB 377 will require the HSRA to include a comprehensive and detailed funding plan for the Merced to Bakersfield segment in its biennial business plan, due on or before May



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1, 2026. The funding plan will provide an updated estimate of the funding gap necessary to complete the Merced to Bakersfield segment, increase transparency and accountability regarding the financial status of the high-speed rail project and outline a clear strategy for addressing this gap including potential funding sources, financing options, and cost-reduction strategies. By providing a clear path forward for addressing the funding shortfall, this bill helps to ensure that the Merced to

Bakersfield segment moves forward efficiently, with proper financial planning and strategy.

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