

Budget keeps bullet train alive

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The Legislature kept Gov. Jerry Brown's pet bullet train project alive by allocating \$250 million from "cap-and-trade" greenhouse gas fees on business in the new state budget.

It also agreed to give the project 25% of future fees, whatever they may be

— somewhat less than the one-third the governor had sought.

So it means that the bullet train is on track? Hardly.

The official price tag for the north-south train is \$68 billion, but that probably is a low-ball figure, and the revenue stream from fees would, even with generous estimates, cover just a small fraction of the cost.

The new money would ease the project's current squeeze from a court-ordered freeze on state bond funds and a legal requirement that the state must begin providing matching money for a few billion dollars in federal funds to lay the first stretch of unelectrified track in the San Joaquin Valley.

In other words, it buys Brown and his appointees on the High-Speed Rail Authority some temporary breathing room while they fight multiple lawsuits — and some adverse rulings

— contending that the project doesn't meet the seemingly strict conditions laid down in the 2008 authorizing bond measure.

However, the cap-and-trade money is less than certain, because the legality of those levies is being contested in court and no one really knows how many hard dollars they will generate, if found to be legal.

And even if the cap-and-trade money materializes, there is no way it could finance the project by itself.

Over the next 15 years — the projected construction period — the fees might produce \$7 billion to \$10 billion, and coupled with the bond money and federal funds, might approach one-third of the cost.

That would still leave a large gap, however, for which Brown, et al., have nothing more than hopes and wishes. And one of the legal conditions for proceeding is to have financing lined up for the 300-mile, \$31 billion "operating segment" from Merced to Los Angeles.

The federal government? This week's likely election of Bakersfield Congressman Kevin McCarthy, an implacable bullet train foe, as House majority leader, putting him in line to become speaker, bodes ill for more federal bucks as long as Republicans are in control.

Private (or foreign government) investors? That's the holy grail that the project's managers seek, but until they can show viability, it won't happen.

Finally, the bullet train

— which voters approved very narrowly in the first place — continues to lose popularity.

A strong clue to that erosion was that four Democratic representatives facing stiff re-election battles in California voted recently for a Republican amendment to cut off federal bullet train financing.

Brown may be willing to stake his political future on the project, but with their votes, the Democratic politicians implied they are not.

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