

House spending bill could put some bullet train funds at risk

By Ralph
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One of the financial lifelines of California's bullet train project has been \$3.2 billion in federal grants. But a provision included in a key transportation funding bill passed by the House of Representatives on Tuesday could place a roadblock on future federal payouts.

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An amendment backed by Rep. Jeff Denham (R-Turlock), chairman of the House rail subcommittee, would ban a 2012 agreement between California and the Obama administration that allowed the rail project to tap federal grant funds without immediately providing required state matching money.

[Bullet train runs into rising opposition over Southern California routes](#)



Denham said in an interview that the agreement undermined federal policy and California state law.

"The project is several decades behind schedule," said Denham, a longtime opponent of the project. "No longer will they be able to accept a hamburger today for payment on Tuesday."

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The amendment was part of the Transportation, Housing and Urban Development appropriations bill, approved by the GOP-controlled House on Tuesday. If the Republican-led Senate goes along, a presidential veto of the entire spending bill would be needed to stop the legislation. The Obama administration has strongly backed the high-speed rail project.

State high-speed rail authority officials dismissed the importance of the amendment.

"This amendment would have no material impact on California's high-speed rail program, even in the unlikely event that it is enacted. Similar efforts by Chairman Denham and others have already been rebuffed several times," said the rail agency's board chairman, Dan Richard.

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At issue is a 2012 modification to an agreement between the Federal Railroad Administration and the California High-Speed Rail Authority. The deal allowed the rail project to continue drawing on federal funds when a lawsuit by project opponents stalled voter-approved bonds for the project.

The so-called tapering agreement allowed the state to postpone its payment of required matching money. So far, the state has received \$503 million in federal grant funds, but it has matched only \$304 million of that. If the Denham-backed proposal becomes law, the state potentially would have to make up the \$200-million difference.

That is not a large amount in the context of the federal grants. But under the Denham legislation, the continuing match requirements could grow significantly in the coming budget year, when construction spending is supposed to increase to \$2.2 billion, potentially exceeding what the state could match.

The state can tap greenhouse gas fees paid by businesses, which are expected to generate an estimated \$500

million for the project next year. The other potential source of money is revenue from \$9 billion in bond sales approved by voters in 2008, although use of that funding remains the subject of legal challenges.

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