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## High Speed Rail Poses Immense Financial Risk, California Panel Concludes

By Alyssa Carducci

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California's plans to build a high-speed rail system present the state with "immense financial risk," concludes an explosive new report from an independent review panel. The panel advises state officials against borrowing billions of dollars to construct the first section of the track this year.

### Ignoring Conclusions

The California High-Speed Rail Peer Review Group was created by the legislature to analyze the feasibility of the state's proposed high-speed rail system. The system is estimated to cost approximately \$100 billion to build but, according to the report, is not likely to recoup the cost of construction.

The California High-Speed Rail Authority, however, is thumbing its nose at the independent report.

"[W]e have every intention of moving forward and putting shovels in the ground to start the project later this year," Lance Simmons, deputy director for communications at the California High-Speed Rail Authority, told the press after release of the independent report.

### Financing Trouble

**Sterling Burnett**, a senior fellow at the **National Center for Policy Analysis**, says the project will never pay for itself.

"The project as a whole is a huge waste of taxpayers' money," **Burnett** said.

Adrian Moore, vice president of policy at the Reason Foundation, emphasizes the state has yet to identify reliable funding sources for constructing and operating the proposed rail line.

"They have no idea whatsoever where the money to build an actual functioning HSR line will come from, and no real prospects.

"All signs point to the need for California taxpayers to fork over billions more in new tax money to keep this project going," he added.

Simmons said for the first segment of construction, \$3.3 billion has been allocated from stimulus funds and \$2.7 billion from state funds from a Proposition 1A bond measure, which passed in 2008.

## Another Vote?

There are still questions surrounding whether Gov. Jerry Brown (D) will ask the legislature for the first batch of financing. The initial section of track is planned to span approximately 130 miles from Fresno to Bakersfield.

In 2008, voters approved the project under the impression the total costs would be merely one-third of current estimates. Sen. Doug LaMalfa (R-Richvale) has announced he will introduce SB 22, a bill that would allow citizens the opportunity to vote on whether to move forward with funding the project.

## A Train to Nowhere

According to Moore, the first stretch of track is essentially a train in the middle of nowhere “focused mainly on keeping the current federal funding and keeping the project moving, even if doing so in the Central Valley jeopardizes the rest of the project.”

**Burnett** said because the first segment of the project won't connect “anything to anything,” there's no hope the Central Valley track will ever pay for itself.

“I think their hope must be if they're building out here, once they've got that built, they'll have to build the rest of it to actually connect it to something. They'll say ‘we've spent billions of dollars on this, we have to spend billions more just to make that make some kind of sense,’” **Burnett** explained.

## Hidden Estimates

Even the rising cost estimates don't tell the full story of the project's potential woes, Moore notes.

“Everything about the project hinges on the ridership estimates, and they won't let the public see all the details. What are they hiding?” Moore asked.

## Few Benefits Cited

**Burnett** said the rail line will do very little to reduce transportation emissions, which was a major selling point of the project. Moreover, it will do little to improve transportation snags.

“These big government public transportation programs are ignoring the one program that is likely to solve transportation problems, which is increased highway lanes and/or High Occupancy Toll Lanes,” said **Burnett**.

## Other States Remain Wary

Even with the federal government offering taxpayer dollars to help fund high-speed rail projects, Florida, Ohio, and Wisconsin have declined to build them. Officials in the three states warned funding would be insufficient for the states to break even on such projects.

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