

Date of Hearing: June 13, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 940 (Vidak) – As Amended April 12, 2016

**SENATE VOTE:** 38-0

**SUBJECT:** High-Speed Rail Authority: surplus property

**SUMMARY:** Requires the California High-Speed Rail Authority (Authority), when selling surplus property, to send notification that the property is being offered for sale to the last known owner. Specifically, **this bill:**

- 1) Requires the Authority, prior to selling previous acquired real property and interest therein, to send notification by certified mail to the last known owner of the property, at his or her last known address, to advise him or her that the property will be offered for sale.
- 2) Prohibits the Authority from selling the property until at least 30 days after the notification has been sent.
- 3) Is an urgency measure.

**EXISTING LAW:**

- 1) Establishes the Authority and vests with it the responsibility to develop and implement a high-speed rail system in California.
- 2) Authorizes the sale of \$9.95 billion in general obligation bonds for the development and construction of California's high-speed rail system, including the acquisition of real property and rights-of-way.
- 3) Authorizes the Authority to sell or exchange real property determined to be no longer necessary for high-speed rail purposes and establishes a process for selling the real property.
- 4) Allows the proceeds from any property sold to be appropriated for use in the development, improvement, and maintenance of the high-speed rail system.

**FISCAL EFFECT:** Unknown

**COMMENTS:** As part of the development and construction of the high-speed rail system in California, the Authority is authorized to purchase real property from affected land owners in the project area. The Authority follows a process similar to other state and local entities in the acquisition of property, including an independent appraisal of the property and an offer to purchase the property at fair market value. If that process is not successful, the State Public Works Board, on behalf of the Authority, may use the state's eminent domain authority to acquire the property. If any real property is deemed no longer necessary for project purposes, the Authority may sell the property at fair market value or exchange the property for other property needed for the project.

The author introduced SB 940 to improve the opportunity for individuals to reacquire property acquired by the Authority for the high-speed rail project. In 2013 the Legislature passed and the Governor signed AB 481 (Lowenthal), Chapter 132, Statutes of 2013, which stated that the Authority may dispose of properties that it deems no longer necessary. The legislation did not provide the original landowner the right to be notified that the property will be sold. Consequently, the Authority is under no obligation to make any effort to reunite previous owners with property that has been declared surplus. SB 940 does not require a first right of refusal for the previous owner, but does, at least, provide notification that a property will be sold, thereby improving the opportunity for the previous owner to buy back the property.

According to the Authority, roughly 1,600 parcels will need to be acquired for the Madera to north of Bakersfield segment in the Central Valley as identified in the 2016 Business Plan. To date, no property has been sold as excess, or not necessary, as construction is under way and it is too early to determine what property may not be needed for the project. As the project continues, with construction of the Initial Operating Segment (IOS) expected to be complete in 2024, the sale of excess property may not happen for 10 years or more after the original acquisition.

*Double referral:* This bill will be referred to the Assembly Judiciary Committee should it pass out of this committee.

*Previous legislation:* AB 481 (Lowenthal), Chapter 132, Statutes of 2013, authorized the Authority to manage real property acquired for high-speed rail purposes, including selling or exchanging the real property or interest therein no longer needed for the project at fair market value.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

None on file

##### **Opposition**

None on file

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