

City of Arts & Innovation



April 23, 2026

Mr. Ian Choudri
Chief Executive Officer, California High-Speed Rail Authority
770 L Street, Suite 620
Sacramento, CA 95814

Re: 2026 Draft Business Plan Comments on Proposed Tax Increment Financing District Authority

Dear Mr. Choudri,

On behalf of the undersigned mayors from cities throughout California, we write in the strongest possible terms to oppose the California High-Speed Rail Authority's indication in the 2026 Draft Business Plan they are seeking authority to establish state-controlled Tax Increment Financing (TIF) districts within a one-half-mile radius of proposed station areas for the purpose of capturing property and potentially sales tax growth to fund high-speed rail construction and related commercialization activities.

While we recognize the significant financial challenges facing the High-Speed Rail project and appreciate the Authority's efforts to identify innovative funding strategies, the proposed value-capture framework raises profound legal, fiscal, and policy concerns for local governments and the communities we serve.

At its core, the proposal contained in the 2026 Draft Business Plan is a direct attempt to divert locally controlled tax revenues, undermine voter-approved constitutional protections, and erode the fiscal stability of California's cities to backfill a project that continues to face severe financial uncertainty.

Constitutional and Legal Concerns

As outlined on page 32 of the High-Speed Rail Authority's 2026 Draft Business Plan, the proposal to divert local tax increment to a state entity appears inconsistent with multiple provisions of the California Constitution. Local sales tax revenues are expressly protected for local governmental purposes, and the Legislature is prohibited from reallocating or transferring those revenues. Similarly, Proposition 1A (2004) guarantees that cities, counties, and special districts retain their constitutionally protected share of property tax allocations. Mandatory diversion of property tax increment to a state authority that is not a constitutionally recognized taxing entity violates these protections and would almost certainly invite extensive litigation.

The High-Speed Rail Authority is not a local taxing district, as such, it has no constitutional claim to local tax revenues. Any attempt to divert increment to a state entity would almost certainly trigger protracted litigation and create enormous fiscal uncertainty for local governments statewide.

An Assault on Local Control

Equally concerning is the 2026 Draft Business Plan's suggestion that the Authority could exercise regulatory influence over land within station areas. Land use authority is constitutionally reserved to cities and counties. While the state may set standards, it cannot assume direct local planning powers.

This proposal crosses that line. It represents an unprecedented intrusion into local governance and sets a dangerous statewide precedent.

Threats to Local Fiscal Stability and Public Services

The proposed TIF model would divert future property tax growth—revenues that local governments rely upon to fund essential public services, including public health and safety, infrastructure maintenance, parks, housing programs, and local transportation improvements. Over the potential 45-year lifespan of a TIF district, these diversions would significantly constrain local fiscal capacity, particularly in communities already struggling with service demands and infrastructure backlogs.

Although school district property tax shares are typically excluded from existing TIF structures such as Enhanced Infrastructure Financing Districts (EIFDs) and Community Revitalization and Investment Authorities (CRIAs), the broader fiscal ecosystem is interconnected. Reduced city, county, and special district revenue capacity can indirectly affect school support services, public safety coordination, and community investment.

At a time when local governments are already confronting escalating infrastructure costs, housing pressures, and public safety challenges, the Authority's proposal would impose a long-term structural fiscal penalty on the very communities being asked to accommodate this project.

Departure from Established California TIF Frameworks

California's existing TIF tools—including EIFDs and CRIAs—are locally initiated, voluntary, and governed by public financing authorities with local representation. Participation by taxing entities requires affirmative consent, and project priorities are determined through locally adopted financing plans.

By contrast, the High-Speed Rail 2026 Draft Business Plan contemplates a state-directed value-capture model that would override local initiation, governance, and consent principles. This represents a fundamental departure from decades of established public finance policy in California.

Funding the Project Cannot Come at the Expense of Communities

California's cities support statewide infrastructure investment and our opposition to this proposal should not be interpreted as an indictment of the state's high-speed rail

project. But the responsibility for funding a state megaproject lies with the state—not with local taxpayers whose revenues are constitutionally protected for local purposes.


If the state believes additional funding is necessary, as it did in adopting last year's budget that allocated \$20 billion from the state Greenhouse Gas Reduction Fund (GGRF) to the high-speed rail project, it must pursue transparent, lawful, statewide solutions—such as voter-approved bonds or dedicated state revenue sources—rather than attempting to divert local tax growth through a legally dubious scheme.

Conclusion


This proposal in the 2026 Draft Business Plan is fiscally reckless, legally vulnerable, and fundamentally unfair to the communities expected to host High-Speed Rail facilities. It would weaken local governments, destabilize public services, and undermine constitutional protections that California voters have repeatedly affirmed. Simply put: the state cannot solve a state funding problem by raiding local tax bases.


We respectfully urge the Legislative leaders to oppose this proposal and instead engage collaboratively with local governments to identify funding strategies that consider both statewide infrastructure goals and local fiscal integrity.

Sincerely,


Ashleigh Aitken
Mayor
City of Anaheim



Karen Goh
Mayor
City of Bakersfield



Tamala Takahas
Mayor
City of Burbank

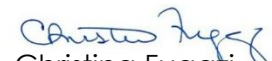

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Cc: The Honorable Gavin Newsom, Governor, State of California
Members, Board of Directors, California High-Speed Rail Authority
The Honorable Monique Limón, California Senate President pro Tempore
The Honorable Robert Rivas, California Assembly Speaker
The Honorable John Laird, Chair of the Senate Budget and Fiscal Review
Committee
The Honorable Jesse Gabriel, Chair of the Assembly Budget Committee