

ASSEMBLY THIRD READING
AB 1802 (Stefani)
As Introduced February 10, 2026
Majority vote

SUMMARY

Deletes the sunset date of January 1, 2027, on the ability of governmental agencies, special districts, or nonprofit organizations that manage mitigation lands to also hold and manage the endowments established for the long-term stewardship of those mitigation lands.

Major Provisions

COMMENTS

SB 436 (Kehoe), Chapter 590, Statutes of 2011, and SB 1094 (Kehoe), Chapter 705, Statutes of 2012, established a set of requirements for mitigation agreements and the entities that may hold endowments dedicated to mitigation lands. Prior to the passage of SB 436 and SB 1094, there was a lack of clarity about who could hold and manage mitigation lands and any associated endowment set up to cover the long-term management costs of mitigation lands. In some instances, nonprofit organizations held and managed mitigation lands. However, because there was no explicit authority under the law for this arrangement, many public agencies that required mitigation for projects did not use this option for the long-term management of mitigation lands.

Additionally, land managers that did hold and manage mitigation lands had to seek reimbursement for their management costs from the public agency that required the mitigation, sometimes experiencing delays in reimbursement payments of up to six months to a year. To resolve this situation, SB 436 and SB 1094 clarified that land managers could hold the mitigation endowment associated with the mitigation lands.

According to the Author

For more than 15 years, allowing nonprofits and special districts to fund, hold, and manage mitigation has proven to be a vital tool to reduce environmental impacts of development projects and ensure the long-term stewardship of California's unique habitats and wildlife. When mitigation land holders directly manage endowments, habitat management is more responsive and effective, ensures regulatory certainty, and supports streamlined compliance in infrastructure and development projects. AB 1802 removes the sunset on this existing authority, ensuring continuity for the organizations responsible for protecting and stewarding mitigation lands.

Arguments in Support

The California Council of Land Trusts, sponsor of this bill, writes, "When a private party or public agency seeks a permit for a development project, they may be required to provide funds to set aside lands for mitigation. In addition, the project developer may be required to finance the management or stewardship in perpetuity of those lands dedicated for mitigation. This financial set aside is also known as an endowment. This is a common practice to lessen and offset the adverse effects caused by various uses of public lands by requiring protection of California's plant and wildlife species for future generations.

"Endowments are essential for mitigation as an endowment perpetually replenishes itself through interest earned on principal, ensuring there is funding available for the perpetual stewardship of the land. When mitigation land holders directly manage endowments, habitat management is more responsive and effective, ensures regulatory certainty, and allows infrastructure and development projects to proceed with streamlined compliance. For more than 15 years, the ability for nonprofits and special districts to fund, hold, and manage mitigation management activities has proven to be a vital tool in mitigating the environmental impacts of development projects and ensuring the long-term stewardship of important habitat for some of California's unique floral and fauna."

Arguments in Opposition

None on file.

FISCAL COMMENTS

By deleting the sunset on the ability of specified entities to hold and manage endowments for the stewardship of mitigation lands, this bill results in a continuation of ongoing costs to the California Department of Fish and Wildlife (CDFW) of an unknown amount, potentially in excess of \$150,000 (Fish and Game Preservation Fund). CDFW requires mitigation under its regulatory authorities. Mitigation may include the preservation of lands in perpetuity, which typically requires an endowment to appropriately manage the lands. The entity responsible for the mitigation lands (like a permittee or a bank sponsor) provides the endowment funds to the endowment holder, and the endowment holder then invests and distributes those funds to the mitigation land manager to implement management activities.

To administer this provision in law, CDFW conducts oversight, review, and tracking of endowments. For example, the department tracks self-certification letters and annual fiscal reports provided by endowment holders as required by the Government Code and sends reminder letters when entities miss an annual report. CDFW staff also track and monitor endowments held at the National Fish and Wildlife Foundation (NFWF) governed by a memorandum of understanding between CDFW and NFWF.

Conversely, CDFW notes that if this provision in law (including the self-certification mechanism) sunsets in 2027, the department will incur increased costs – including program staff, management, and legal review – to perform extended review of third-party mitigation fund holders.

VOTES

ASM WATER, PARKS, AND WILDLIFE: 13-0-0

YES: Papan, Jeff Gonzalez, Alanis, Alvarez, Ávila Farías, Bains, Bennett, Boerner, Caloza, Gallagher, Hart, Muratsuchi, Rogers

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Johnson, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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