
SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

2025 - 2026 Regular

Bill No: AB 1802
Author: Stefani
Version: 2/10/26

Hearing Date: 7/1/26
Fiscal: Yes
Consultant: Favorini-Csorba

LAND USE: MITIGATION LANDS

Makes permanent the ability of governmental entities, nonprofit organizations, congressionally chartered foundations, and community foundations to hold mitigation land endowments.

Background

When cities and counties approve land use projects, they can require builders to set aside resource land or easements to mitigate the conversion of other property to development. Public agencies may impose mitigation conditions to offset the effects of other agencies' public works projects. Rather than own and manage the mitigation land or the easements themselves, public agencies can turn over the property interests to nonprofit organizations that meet statutory criteria (SB 2746, Blakeslee, 2006; AB 1246, Blakeslee, 2007).

In addition to requiring project sponsors to set aside resource lands for mitigation purposes, sometimes public agencies also require applicants to set aside money, known as an endowment, to pay for managing the land or easements. In 2011, the Legislature authorized a state or local agency to allow a qualified and approved nonprofit organization or special district to hold property and long-term endowments to mitigate adverse impacts to natural resources caused by a permitted development project (SB 436, Kehoe). The next year, the Legislature expanded this authority to other governmental entities, community foundations, and congressionally chartered foundations (such as the National Fish and Wildlife Foundation, which is a private conservation organization created by Congress), and added voluminous requirements for mitigation agreements to ensure that the expected mitigation occurs in perpetuity (SB 1094, Kehoe). Among these requirements are an annual report from the entity that holds the endowment must report annually to the state or local agency that approved the mitigation measure on the fiscal health of the endowment. SB 1094 included a sunset date of January 1, 2022. SB 716 (McGuire) extended the sunset to January 1, 2027.

The California Council of Land Trusts wants the Legislature to make the authority for governmental entities, nonprofit organizations, and community foundations to hold endowments permanent.

Proposed Law

Assembly Bill 1802 repeals the January 1, 2027, sunset date on the ability of governmental entities, nonprofit organizations, congressionally chartered foundations, and community foundations to hold mitigation land endowments.

Comments

1. Purpose of the bill. 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.”

2. Another county heard from. The Senate Rules Committee has ordered a double referral of AB 1802: first to the Committee on Natural Resources and Water, which approved AB 1802 at its June 23rd hearing on a vote of 7-0, and second to the Committee on Local Government. The Committee on Natural Resources and Water notes:

“In the fall, Committee staff asked the Senate Office of Research (SOR) to review CDFW’s implementation of this endowment program in view of the looming sunset. SOR’s review was positive. However, SOR noted that there were instances where the required submittal of an annual report to CDFW was delinquent or skipped. Some entities were repeat offenders. CDFW’s practice is to not authorize an entity that has a missing or delinquent report to hold an additional endowment until missing information is provided. CDFW also reported that a comprehensive database is under development that will include endowments for mitigation lands.

“One of the purposes of a sunset is to provide an opportunity for legislative oversight of the implementation of the program with the sunset. Removal of the sunset may therefore result in less scrutiny of a program. However, the development of the CDFW database provides an opportunity, despite the removal of the sunset, to provide legislative oversight of this program.

“In view of this, the Committee may wish to add a periodic legislative report containing information on the endowments starting in five years.”

These amendments will be adopted as committee amendments should the bill pass this Committee.

Assembly Actions

Assembly Water, Parks, and Wildlife Committee:	12-0
Assembly Local Government Committee:	10-0
Assembly Appropriations Committee:	15-0
Assembly Floor:	74-0

Support and Opposition (6/26/26)

Support: Sierra Consortium
Sonoma Land Trust

Opposition: None Submitted

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