SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1802 (Stefani) - Land use: mitigation lands: endowments

Version: July 2, 2026
Urgency: No
Hearing Date: August 3, 2026
Policy Vote: N.R.& W. 7 - 0, L. GOV. 7 - 0
Mandate: No
Consultant: Ashley Ames

Bill Summary: This bill would delete the sunset date of January 1, 2027, on the ability of governmental agencies, special districts, or nonprofit organizations that manage mitigation lands to hold and manage the endowments established for the long-term stewardship of those mitigation lands.

Fiscal Impact:
- By deleting the sunset on the ability of specified entities to hold and manage endowments for the stewardship of mitigation lands, this bill would result in the 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 [FGPF]).
- CDFW notes that if this provision in law (including the self-certification mechanism) sunsets in 2027 (absent this bill), the department would incur increased costs – including program staff, management, and legal review – to perform extended review of third-party mitigation fund holders. Therefore, this bill would also result in cost savings.

Background: The California Department of Fish and Wildlife (CDFW) is the state's trustee agency for the state's plant, fish and wildlife. In certain circumstances, a project applicant may be required to transfer an interest in real property to CDFW or to another entity to mitigate the impact that the project will have on fish and wildlife resources in order to obtain a necessary project permit from CDFW. The interest in real property may involve a transfer of fee title, the granting of a conservation easement, or both. Nonprofit organizations, such as land trusts, special districts, or governmental entities can all hold and manage these mitigation lands. An endowment to pay for the long-term stewardship of the mitigation lands may also be required.

Two bills – 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. Before these two bills became law, 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 the mitigation lands. In some instances, nonprofit organizations held and managed mitigation lands, but there was no explicit authority under the law for this arrangement. At least in part due to this, many public agencies did not seek endowments for the long-term management of mitigation lands. Further, land managers that held and managed mitigation lands had to seek reimbursement for their management costs from the public agency that required the mitigation. This could result in reimbursement delays of six months to one year. Following the passage of the two bills, land managers were authorized to hold mitigation endowments associated with the mitigation lands.

Proposed Law: Existing law establishes the framework governing mitigation lands required as a condition of development project approval — authorizing state and local agencies to require endowments for the long-term stewardship of those lands, specifying which entities may hold title to and manage the property and the endowment, imposing certification requirements on endowment holders regarding accounting practices and financial management capacity, and sunsetting on January 1, 2027 the authority of a governmental entity, special district, or nonprofit organization holding the mitigation property to also hold the associated endowment.

This bill would remove the sunset on the ability of a governmental agency, nonprofit organization, or a special district that manages mitigation lands to also hold and manages the endowments established for long-term stewardship of those lands.

It would also require CDFW, on or before July 1, 2030, and every five years thereafter, to post online a summary table providing information on the status of endowments held pursuant to these provisions for which either of the following is true:

1. CDFW provides state oversight of the endowment.
2. The endowment is held pursuant to a CDFW permitting requirement.

Related Legislation:

SB 716 (McGuire, Chapter 735, Statutes of 2021) extends the sunset until January 1, 2027, on the ability of governmental agencies, nonprofit organizations, special districts that manage mitigation lands to also hold and manage the endowments established for long-term stewardship of those lands.

SB 1094 (Kehoe, Chapter 705, Statutes of 2012) allows certain community foundations and congressionally chartered foundations to hold endowment accounts for mitigation lands, and expands and modifies the conditions all endowment holders must abide by.

SB 436 (Kehoe, Chapter 590, Statutes of 2011) authorizes a state or local agency to allow a qualified and approved nonprofit organization or special district to hold property and long-term stewardship funds to mitigate adverse impacts to natural resources caused by a permitted development project. Sunsets this authority on January 1, 2022.

Staff Comments:

CDFW costs. 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.

Sunset no more. 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 summary tables online provides an opportunity, despite the removal of the sunset, to provide legislative oversight of this program.

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