

ASSEMBLY THIRD READING
AB 2045 (Connolly)
As Amended April 16, 2026
Majority vote

SUMMARY

Extends the sunset provision of the Habitat Restoration and Enhancement Act (HREA) from January 1, 2027 to January 1, 2032, and requires the Department of Fish and Wildlife (CDFW) to submit a report to the Legislature on the implementation of HREA by December 31, 2029.

Major Provisions

COMMENTS

HREA expedites small, voluntary restoration projects by establishing permitting efficiencies, in line with the Administration's "cutting the green tape" priorities. Restoration and enhancement projects approved by CDFW, pursuant to HREA, do not require additional permits from CDFW, such as Lake and Streambed Alteration Agreements (LSAAs) or California Endangered Species Act (CESA) permits. Cost savings for HREA permit applicants stem from avoided CESA and scientific collection permit fees (as LSAA fees are still paid by HREA applicants; see Fiscal Comments, below) and accelerated timelines. In its 2025 cutting the green tape report, CDFW estimates that each HREA-permitted restoration project saves approximately \$32,222 in permit fees and implementation costs. As of January 2026, CDFW has approved 243 projects under HREA.

CDFW has been chronically underfunded, resulting in large service gaps. In a presentation given before the Senate Budget Subcommittee No. 2 on February 26, 2026, CDFW presented service-based budgeting data that showed that in fiscal year (FY) 2024–2025, CDFW was only able to provide 35% of its mission hours on permitting and environmental protection. This amounts to only a slight improvement from 28% in FY 2021–22. HREA is not an exception, and according to CDFW's 2025 report to the Legislature on HREA implementation, HREA fees do not cover the cost of program implementation. The same concern was raised in CDFW's 2020 report, which noted that CDFW evaluated operational improvements to minimize or avert any potential fee increase, but indicated that fees were still insufficient.

CDFW's 2025 report to the Legislature on HREA implementation makes several recommendations for legislative changes to the program.

According to the Author

According to the author, "Conservation groups who are on the ground preserving our ecosystems deserve an avenue in which they can operate free of regulatory burdens. Without an expedited pathway, California's progress towards reaching its environmental sustainability goals will slow down. [This bill] will protect California's biodiversity across our coasts and forests by ensuring these projects can continue in a timely manner."

Arguments in Support

Sustainable Conservation writes in support, "Since [HREA] has been in place, over 240 high-quality projects have been approved and gone forward and that number continues to increase.

These projects help the State meet its goals outlined in the 30x30 Conservation Initiative, California Salmon Strategy for a Hotter Drier Future, and Nature Based Solutions (NBS) climate targets, which together make up the state's approach for conserving and restoring our natural habitats. HREA helps incentivize public-private collaboration for landowners to restore streams and coastal wetlands, reconnect floodplains, remove barriers for native fish passage, reduce sediment and pollutants in urban waterways, plant native vegetation, and support wildlife diversity."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, this bill has the following fiscal impact:

Ongoing costs to CDFW in the low- to mid-hundreds of thousands of dollars annually to continue administering the HREA until January 1, 2032 (Habitat Restoration and Enhancement Account within the Fish and Game Preservation Fund). These costs are offset by HREA application fees, which partially cover CDFW's project review and program development costs. Further, as discussed under "comments," projects authorized under the HREA do not require other permits, agreements, or approvals from CDFW, such as an LSAA or a CESA permit. Therefore, to the extent the HREA creates permitting efficiencies for both project applicants and CDFW, extending the sunset on the program potentially results in indeterminate cost savings to CDFW.

Current law requires CDFW to charge the same application fees used by its Lake and Streambed Alteration program for HREA approval requests. The fees, which are adjusted annually for cost of living, follow a graduated schedule based on the total cost of a project. For example, the 2025 fee schedule for a project with a term of up to five years ranged from \$751.75 for a project that costs less than \$5,000 to \$6,698 for a project that costs \$350,000 or more. CDFW estimates its cost for HREA review and approval in 2025 was about \$10,400 per project (including salaries, benefits, operating expenses, and equipment for each staff classification per year). In contrast, CESA fees in 2025 ranged from approximately \$8,000 to \$20,000 for a project that costs up to \$500,000.

CDFW has received \$783,000 in HREA fees since the program was implemented, and in a 2025 report to the Legislature CDFW notes, "these fees have not been sufficient to cover the estimated cost of CDFW staff time for processing and reviewing HREA approval requests." The annual deficit in the HREA program (that is, total revenue minus total costs to CDFW) was approximately \$245,000 in 2023, \$153,000 in 2024, and \$222,000 in 2025. CDFW relies on General Fund dollars to cover these shortfalls. CDFW attributes this challenge mainly to the fact that LSAA fees were not designed to cover the cost of threatened and endangered species consultations. This consultation aspect adds a more complex workload to evaluate the impacts to threatened or endangered species from restoration project activities, including project-specific considerations.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

VOTES

ASM WATER, PARKS, AND WILDLIFE: 12-0-1

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

ABS, ABST OR NV: Gallagher

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

VERSION: April 16, 2026

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