
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2045 (Connolly) - Habitat Restoration and Enhancement Act

Version: July 6, 2026

Urgency: No

Hearing Date: August 3, 2026

Policy Vote: N.R. & W. 7 - 0

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would extend the sunset on the Habitat Restoration and Enhancement Act (HREA) that provides for streamlined permitting for small voluntary restoration projects at the California Department of Fish and Wildlife (CDFW), as provided.

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.
- Potential forgone revenue of an unknown amount, possibly around or slightly over \$100,000 annually (HREA account) due to recent amendments that may prevent CDFW from collecting HREA application fees until the department can reestablish the fees through a rulemaking.

Background: HREA was established to expedite small, voluntary restoration projects by establishing permitting efficiencies. HREA-eligible projects are projects with the primary purpose of improving fish and wildlife habitat that meet certain State Water Resources Control Board (SWRCB) permitting requirements. According to CDFW, projects approved under HREA must be consistent with widely-recognized restoration practices, must avoid or minimize any incidental impacts, and must result in measurable environmental benefits.

The establishment of HREA pre-dated the Newsom Administration's "Cutting the Green Tape" initiative, however HREA exemplifies that initiative's goals. Projects that meet certain criteria for HREA can be approved by the CDFW director. According to the 2025 *Cutting the Green Tape* report, CDFW estimates that each HREA-permitted restoration project saves approximately \$32,222 in permits fees and implementation costs. These cost savings stem in part from avoided California Endangered Species Act, Lake and Streambed Alteration Agreement (LSAA), and scientific collection permit fees. As of October 1, 2025, CDFW has approved 243 projects under HREA.

CDFW has been required to publish two legislative reports since HREA's inception. The most recent report, dated December 31, 2025, included several observations and recommendations including:

- Projects eligible under HREA are not required to provide a net environmental benefit;

- CDFW through one of the two permitting pathways under HREA has to perform work normally conducted by SWRCB personnel and information supplied for that review may not always be available;
- There is limited discretion within HREA to condition approval upon additional measures or conditions;
- It is not possible to extend CDFW review timelines by mutual agreement under HREA; and
- HREA fee revenues do not cover the cost of implementing the program.

Proposed Law: This bill would:

1. Extend the HREA sunset until January 1, 2032 and require preparation of a legislative report due December 31, 2029.
2. For a project application, require the submittal of biological survey results conducted for the project, if any. For projects with a SWRCB permit, additionally require a list of any protected species that may be taken during the project, the type of take, and the mechanisms of take, and require that any design plan prepared by a professional engineer be at least 65% complete.
3. Require CDFW's approval of a project to authorize the incidental take of any species designated as fully protected pursuant to Fish and Game Code §§3511, 4700, 5050, or 5515 resulting from impacts attributable to or otherwise related to the HREA project.
4. Authorize CDFW to establish a graduated schedule of application fees for HREA projects, in place of the existing requirement that those fees be consistent with the fees adopted under the Lake and Streambed Alteration program, and retain the requirement that the fee not exceed the department's reasonable administrative and implementation costs relating to the project.
5. Delete obsolete HREA provisions. Make numerous minor and clarifying changes.

Related Legislation:

SB 716 (McGuire, Chapter 735, Statutes of 2021) extended the sunset on the HREA to January 1, 2027, among other provisions.

AB 2193 (Gordon, Chapter 604, Statutes of 2014) established the HREA with a sunset of January 1, 2022.

Staff Comments: Existing law (Section 1655 of the Fish and Game Code) requires CDFW to charge the same application fees used by the LSA Program for HREA approval requests. The fees follow a graduated schedule that is based upon the total cost of a project. For example, the 2025 fee schedule for projects with a term of up to five years ranged from \$751.75 for a project that costs less than \$5,000, to \$6,698.00 for a project that costs \$350,000 or more. The fees are adjusted annually for cost of living, using the Federal Implicit Price Deflator Index, per Fish and Game Code section 713.

Section 1655 established the Habitat Restoration and Enhancement Account within the Fish and Game Preservation Fund. CDFW has received \$783,000 in HREA fees since the implementation of the program; \$307,917 from 2015-2020 and \$475,083 from 2021-2025.

Recommended Amendments: Staff recommends addressing concern raised by CDFW that recent amendments to this bill may prevent the department from collecting HREA application fees for a period of a few years. It is staff's understanding that this was not the intended effect of recent changes, and the issue could be addressed with technical cleanup language should the bill move forward.

-- END --