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

AB 2494 (Rogers) - State forests: forest management

Version: June 24, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: N.R. & W. 5 - 2
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would redefine “management” for the purposes of managing the Demonstration State Forest (DSF) system and further establish the goals, appropriate forestry techniques, research efforts, and other activities allowable on the demonstration forests pursuant to the definition of “management.”

Fiscal Impact:
- CalFire estimates costs of $8.9 million in the first year, $5.4 million in the second, and about $5.3 million annually thereafter (General Fund) to support restoration targets set in Demonstration State Forest management plans; fund permitting, implementation, and monitoring of research within the forests; upgrade and maintain roads, bridges, recreation facilities, and fuel breaks; install entry kiosks and restroom facilities to accommodate increased recreational use; among other things.
- The State Water Board estimates one-time costs of $13 million to $15 million and ongoing costs of $2 million to $3 million annually (Timber Regulation and Forest Restoration Fund [TRFRF] or General Fund) to contract for the development of an information technology system supporting the tracking, collation, and reporting of timber harvest data, and to operate and maintain that system across the Regional Water Boards, the State Water Board, and the CalTREES system.
- To the extent that this bill reduces timber harvest on the DSFs, forgone revenue of an unknown amount to the Forest Resources Improvement Fund (FRIF), which derives its revenue primarily from the sale of forest products.

Background:

Demonstration State Forests. CalFire owns and manages 14 Demonstration State Forests (DSFs) totaling 85,000 acres, less than 1% of the state's forested land. Established beginning in the 1940s, they serve as a living laboratory for forest management techniques, currently supporting about 500 research projects while also providing recreation, watershed protection, and habitat. Timber harvest occurs on the DSFs both to demonstrate forest practices and to fund the system: the forests grow approximately 75 million board feet annually and harvest an average of 20 million. Statutes governing the system were adopted in 1946 and have not been substantially updated since, and this bill would redefine the management mandate.

Forest Resources Improvement Fund. FRIF supports operation and management of the DSFs, with revenue coming primarily from timber operations and less than 1% from recreational activities such as camping, foraging permits, firewood permits, and special use events. CalFire expended $2.1 million from FRIF in FY 2025-26 against an appropriation of $10.7 million, with the balance recorded as estimated savings, and the

Budget Act of 2026 provides $11.4 million in FY 2026-27. Jackson, Boggs Mountain, Soquel, LaTour, and Mountain Home have the greatest personnel and operational expenses; the remaining DSFs have no assigned staff and are overseen by personnel from the closest local CalFire administrative unit.

Timber revenues do not fully cover costs. From timber sales between 2017 and 2024, Jackson generated $42 million, Soquel $2.7 million, LaTour $2.5 million, and Mountain Home $812,000. Revenues do not always cover DSF operating, personnel, or research costs — Jackson timber sales generated $1.1 million in 2023 against annual operating expenses of $4.5 million.

Timber Regulation and Forest Restoration Fund. TRFRF is supported by a 1% assessment on lumber and engineered wood products sold at retail, and pays for agency staffing, permits, oversight, and environmental protection across multiple departments. In FY 2024-25 it held $237.5 million in available resources, including approximately $46 million from annual assessment revenues supporting nearly 206 agency staff, and closed the year with a $77.8 million ending balance. Statute establishes a four-tier priority order for TRFRF appropriations, with support for demonstration state forests in the fourth and lowest tier. Given the fund balance, the Budget Act of 2024 appropriated $120 million in TRFRF funds to CalFire for Forest Health and Wildfire Prevention Grants, offsetting a $120 million reduction in Greenhouse Gas Reduction Fund monies.

Assessment revenue is declining. Since its peak in FY 2021-22, annual revenue into TRFRF decreased by more than 14% year over year in both FY 2022-23 and FY 2023-24. Opponents note that with challenges in the housing market and decreases in lumber prices, assessment receipts may continue to decline.

Proposed Law: This bill would:

1. Authorize the TRFRF to fund the DSF system, if necessary.
2. Require the annual TRFRF report include the number of staff and costs dedicated fully or partially to reviewing permits and notices filed pursuant to the Z'berg-Nejedly Forest Practice Act and Forest Practice Rules.
3. Require the annual TRFRF report include the number and costs of staff dedicated fully or partially to other activities that are funded by TRFRF.
4. Establish the purpose of the DSFs to acquire lands in need of reforestation or restoration to manage those lands for public benefit.
5. Establish that public benefit includes biodiversity conservation, recreation, ecosystem health, watershed health, and as a living laboratory for healthy forest structures.
6. Require that the DSFs be managed to habitat and ecosystem conditions that provide a foundation for robust research programs.
7. Recognize the importance of providing a level of staffing that supports research project development, implementation, monitoring, and maintenance.
8. Authorize the secretary of CNRA to enter into comanagement agreements with California Native American tribes for the management of the DSFs.

9. Authorize research on the DSFs that inform:

   a. Forest management strategies.
   b. Science-based decision making.
   c. Biodiversity.
   d. Durable onsite carbon storage or sequestration.
   e. Habitat.
   f. Water or soil quality.
   g. Watershed health.
   h. Tribal stewardship.
   i. Other goals that further a healthy and resilient ecosystem.

10. Authorize timber harvest on the DSFs in furtherance of:

    a. Research.
    b. Demonstration of management strategies available to nonindustrial landowners.
    c. Applying proven techniques or testing novel or emerging management approaches to address vulnerable stand conditions to restore them to resilient ecosystems.

11. Require that the DSFs reasonably provide for recreation opportunities.

12. Specify that nothing in these sections shall be construed as to limit the use of all forest management practices authorized under the Forest Practice Act and Rules.

13. Require the Department to annually report to the Board its progress toward meeting restoration and conservation targets identified in forest management plans.

14. Authorize metrics or targets to track progress that may include, but are not limited to, invasive species control, durable onsite carbon storage or sequestration, acres treated with prescribed fire, or improved habitat connectivity, water quality, or other ecosystem conditions.

15. Define "California Native American tribe," "comanagement," and "management."

16. Authorize the board to adopt regulations that establish a preference for small or local sawmills.

17. Require funds generated by a DSF to be deposited into the Forest Resources Improvement Fund.

18. Authorize prescribed herbivory, recreation concession, and surface mining on DSFs pursuant to regulations established by the Board, and for those activities to reflect the definition of "management."

Related Legislation:

AB 1284 (Ramos, 2024) established the Tribal Cogovernance and Comanagement of Ancestral Lands and Waters Act to encourage the state to enter into cogovernance and comanagement agreements with federally recognized tribes.

AB 923 (Ramos, 2022) encourages the state and its agencies to consult on a government-to-government basis with federally recognized and, as specified, with nonfederally recognized tribes, in order to allow tribal officials the opportunity to provide meaningful input in the development of policies, processes, programs, and projects that have tribal implications.

AB 1492 (Committee on Budget, 2012) established the Timber Regulation and Forest Restoration Fund in the State Treasury and imposed a 1% assessment on lumber and engineered wood products sold at retail to pay for state agency staffing, permitting, oversight, and environmental protection. The bill also sought transparency and efficiency improvements to the state's timber harvest regulation programs, provided for development of ecological performance measures, established a forest restoration grant program, and required annual program reporting to the Legislature.

Z'berg-Nejedly Forest Practice Act of 1973 established the framework governing timber operations in the state, requiring a timber harvest plan prepared by a registered professional forester, and reorganized the Board of Forestry, expanding its powers and changing its role in relation to forest practice rules from ratification to adoption.

Staff Comments: The DSF system is supported by FRIF, with revenue derived primarily from timber operations. To the extent that this bill reduces timber harvest on the DSFs, it could result in potential forgone revenues of an unknown amount. To be clear, the likelihood and magnitude of such a shift is substantially uncertain. CalFire anticipates that available funding in FRIF "would continue to diminish should this bill pass due to the limitations that would be placed on timber harvesting projects in DSFs." Proponents contend the bill would not restrict sustainable timber harvest and could increase restoration forestry activity by resolving conflicts that have historically delayed or halted operations. This bill could result in some revenue increases related to recreation and other activities, but recreational user fees currently account for less than 1% of FRIF revenue, and this bill would not expand CalFire's existing authority to collect those fees, which is limited to overnight camping and reserved group activities.

Reduced timber harvest could also affect local revenues. The five largest DSFs are located in counties with Timberland Production Zones, and the DSFs generate about $175,000 annually in timber yield tax across all forests combined, which CDTFA returns to the counties where the timber was harvested. Any reduction in harvest would reduce those payments to the affected counties. The author's office and local supporters contend that increased visitation and the resulting tourism would help buffer any reduction in yield tax revenue.

CalFire costs. CalFire estimates costs of $7.5 million in the first year and $3.5 million annually thereafter in contract funding to maintain existing work supporting the DSFs. That ongoing amount comprises $1 million for achieving restoration targets set in the forests' management plans, $1 million for permitting, implementing, and monitoring research within the forests, and $1.5 million for upgrading and maintaining roads, bridges, recreation facilities, and fuel breaks. Two one-time investments account for the higher first-year figure. CalFire expects that the bill's recreation provisions would increase visitation, and the department identifies $2 million to purchase entry kiosks for each forest to manage visitor use and provide information to the public, and $2 million to install new restroom facilities at trailheads and day-use areas and upgrade existing facilities for ADA compliance and increased use. The department expects to hire eight positions to address the additional workload.

State Water Board costs. According to the State Water Board, the bill would require development of an information technology system to support the tracking, collation, and reporting of timber harvest data. The Board expects that expanding the reporting requirements to include staffing needs and timber harvest reviews would necessitate a centralized solution ensuring accurate and consistent data management across the Regional Water Boards, the State Water Board, and the CalTREES system. Based on similar IT projects, the Board estimates one-time costs of $13 million to $15 million to contract for development of the system, with ongoing annual costs of $2 million to $3 million for operation and maintenance, including $250,000 to $500,000 for staff to support the system.

Jackson Demonstration State Forest. Jackson accounts for 48,652 of the DSF system's 85,000 acres and the large majority of its timber revenue — $42 million from timber sales between 2017 and 2024, compared to $2.7 million at Soquel, $2.5 million at LaTour, and $812,000 at Mountain Home. FRIF's fund condition therefore turns substantially on Jackson's operations. FRIF revenues were $1.4 million in FY 2024-25 and $3 million in FY 2025-26, reflecting a period in which operations at Jackson were disrupted, and the Budget Act of 2026 projects $8.75 million in FY 2026-27, an assumption that appears to rest on operations resuming following approval of the forest's updated management plan, expected later this year. CalFire is currently completing that update, and the Assembly Committee on Appropriations noted that changing the governing statute midstream would interrupt the administrative process, which could create both delays and costs.

Budget context. The Budget Act of 2026 includes $11.4 million from FRIF for CalFire operations in FY 2026-27, against projected revenues of $8.75 million from the sale of natural resources, drawing the fund balance from $3 million at the start of the year to a projected $110,000 at its close. FRIF revenues were $1.4 million in FY 2024-25 and $3 million in FY 2025-26. TRFRF, supported by a 1% assessment on lumber and engineered wood products sold at retail, provides $29.7 million to CalFire in FY 2026-27, down from $35.8 million in FY 2025-26 and $137.1 million in FY 2024-25, with the decline driven by local assistance falling from $113.8 million to zero. CalFire operations funding from TRFRF has held roughly steady at $23.3 million, $29.6 million, and $29.7 million across the three years, the majority of it supporting forest practice regulation.

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