

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON WATER, PARKS, AND WILDLIFE

Diane Papan, Chair

AB 1802 (Stefani) – As Introduced February 10, 2026

SUBJECT: Land use: mitigation lands

SUMMARY: Deletes the sunset date of January 1, 2027 on the ability of governmental agencies, special districts, or nonprofit organizations that manage mitigation lands to also hold and manage the endowments established for the long-term stewardship of those mitigation lands.

EXISTING LAW:

- 1) Authorizes a state or local agency that requires property to be protected in order to mitigate impacts from a development project to identify how funding needs for the long-term stewardship of the mitigation property will be met. The state or local agency may require that an endowment be established for this purpose (Government Code § 65966).
- 2) Authorizes a state or local agency to authorize governmental entities, special districts, or nonprofit organizations to hold title to and manage property set aside as mitigation for the permitting of a development project under the Planning and Zoning Law (Government Code § 65967).
- 3) Provides that an endowment may be held by the same governmental entity, special district, or nonprofit organization that holds the property held for mitigation purposes if the entity meets specified requirements. Sunsets this authority on January 1, 2027 (Government Code § 65968).
- 4) Requires the holder of an endowment to certify to the project proponent or the holder of the mitigation property or a conservation easement and the local or state agency that required the endowment that it meets specified requirements. These requirements include the holder's use of generally accepted accounting practices and the holder's capacity to effectively manage the mitigation funds and achieve reasonable rates of return from the investment of those funds, among other things [Government Code § 65968(e)].
- 5) Defines "endowment" as the funds that are conveyed solely for the long-term stewardship, including long-term management, of a mitigation property, and held appropriately to that end, as specified. Endowments do not include funds conveyed for meeting short-term performance objectives of a project [Government Code § 65965(a)].

FISCAL EFFECT: Unknown. This bill is keyed fiscal.

COMMENTS:

- 1) **Purpose of this bill.** This bill deletes a sunset date so that governmental agencies, special districts, or nonprofit organizations may hold mitigation endowment funds in perpetuity. Several bills have been introduced and enacted in the last two decades to create authority and standards for governmental agencies, special districts, or nonprofit organizations to hold and manage mitigation lands. This practice can create efficiencies and reduce costs for the

governmental agency that requires a project proponent to set aside land and funding as mitigation for that development of a project or infrastructure that the government agency has permitted and approved. The sunset date on the authority was previously extended for five years by AB 716 (McGuire) in 2022. Deleting the sunset date now will guarantee this practice remains an option for permitting agencies and reduce uncertainty about existing agreements between permitting agencies and entities that hold and manage mitigation lands.

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. [This bill] removes the sunset on this existing authority, ensuring continuity for the organizations responsible for protecting and stewarding mitigation lands.”

- 2) **Background.** 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. Prior to the passage of SB 436 and SB 1094, 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 mitigation lands. In some instances, nonprofit organizations held and managed mitigation lands, but because there was no explicit authority under the law for this arrangement, many public agencies that required mitigation for projects did not use this option for the long-term management of mitigation lands. Additionally, land managers that did hold and manage mitigation lands had to seek reimbursement for their management costs from the public agency that required the mitigation, sometimes experiencing delays in reimbursement payments of up to six months to a year. To resolve this situation, SB 436 and SB 1094 clarified that land managers could hold the mitigation endowment associated with the mitigation lands.
- 3) **Arguments in support.** The California Council of Land Trusts (CCLT) is the sponsor of this bill and argues that deletion of the sunset date on the authority for local agencies and nonprofits to hold endowments for mitigation lands has a proven track record. Further, CCLT maintains that this approach has benefits for project proponents and for the environment: “When mitigation land holders directly manage endowments, habitat management is more responsive and effective, ensures regulatory certainty, and allows infrastructure and development projects to proceed with streamlined compliance.”
- 4) **Dual referral.** This bill has also been referred to the Assembly Local Government Committee.
- 5) **Related legislation.** SB 716 (McGuire), Chapter 735, Statutes of 2021, among other provisions, extends sunset date on the authority for a governmental agency, special districts, or nonprofit organization to hold mitigation lands endowments from January 1, 2022 to January 1, 2027.

SB 1094 (Kehoe), Chapter 705, Statutes of 2012, allows certain community foundations and congressionally chartered foundations to hold endowment accounts for mitigation lands.

Also, expands and modifies conditions which 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.

AB 444 (Caballero) of 2009 would have clarified that funds set aside for long-term management of mitigation lands conveyed to a nonprofit organization may also be conveyed to the nonprofit, and authorizes the nonprofit to hold, manage, invest, and disburse the funds for management and stewardship of the land or easement for which the funds were set aside. AB 444 was vetoed by Governor Schwarzenegger.

SB 1011 (Hollingsworth) of 2007 would have authorized the Department of Fish and Wildlife to negotiate terms for a public or non-profit entity to manage and hold mitigation endowment funds. SB 1011 was held in the Senate Appropriations Committee.

AB 2916 (Committee on Water, Parks, and Wildlife) of 2006 was substantially similar to SB 1011 of 2007. AB 2916 was held in the Senate Appropriations Committee.

AB 2746 (Blakeslee), Chapter 577, Statutes of 2006, allows a state or local agency to authorize a nonprofit organization to hold title to, monitor, and manage an interest in real property that the agency requires a property owner to transfer to the agency to mitigate any adverse impact upon natural resources caused by permitting the development of a project or facility.

REGISTERED SUPPORT / OPPOSITION:

Support

California Council of Land Trusts (sponsor)
Elkhorn Slough Foundation
Kings River Land Trust
Lake County Land Trust
Land Trust for Santa Barbara County
Marin Agricultural Land Trust
Placer Land Trust
Siskiyou Land Trust
Solano Land Trust
Sonoma Land Trust
Tri-Valley Conservancy

Opposition

None on file

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