

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, 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: This bill is keyed fiscal.

COMMENTS:

- 1) **Bill Summary and Author's Statement.** This bill deletes a sunset date so that governmental agencies, special districts, or nonprofit organizations may hold mitigation endowment funds in perpetuity.

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. AB 1802 removes the sunset on this existing authority, ensuring continuity for the organizations responsible for protecting and stewarding mitigation lands.”

This bill is sponsored by the California Council of Land Trusts.

- 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) **Previous Legislation.** SB 716 (McGuire), Chapter 735, Statutes of 2021, among other provisions, extended 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, allowed 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, authorized 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.

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, allowed 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.

- 4) **Arguments in Support.** The California Council of Land Trusts, sponsor of this bill, writes, “When a private party or public agency seeks a permit for a development project, they may be required to provide funds to set aside lands for mitigation. In addition, the project developer may be required to finance the management or stewardship in perpetuity of those lands dedicated for mitigation. This financial set aside is also known as an endowment. This is a common practice to lessen and offset the adverse effects caused by various uses of public lands by requiring protection of California’s plant and wildlife species for future generations.

“Endowments are essential for mitigation as an endowment perpetually replenishes itself through interest earned on principal, ensuring there is funding available for the perpetual stewardship of the land. 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. For more than 15 years, the ability for nonprofits and special districts to fund, hold, and manage mitigation management activities has proven to be a vital tool in mitigating the environmental impacts of development projects and ensuring the long-term stewardship of important habitat for some of California’s unique floral and fauna.”

- 5) **Arguments in Opposition.** None on file.
- 6) **Double-Referral.** This bill is double-referred to the Water, Parks and Wildlife Committee, where it passed on a 13-0 vote on April 14, 2026.

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
Sacramento Valley Conservancy
Siskiyou Land Trust
Solano Land Trust
Sonoma Land Trust
Tri-Valley Conservancy

Opposition

None on file

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