

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/19/2012  
POSITION: Neutral

BILL NUMBER: SB 1094  
AUTHOR: Kehoe, Christine

**BILL SUMMARY: Land use: mitigation lands: nonprofit organizations**

Existing law authorizes government agencies, special districts and nonprofit organizations to hold funds for long-term stewardship of mitigation lands. Also, existing law authorizes these entities to hold the long-term management funds for management of mitigation lands and limits the holding of endowment funds for a given property to the authorizing agency or entity.

This bill would amend existing law governing the use of third parties holding mitigation lands by removing the requirement for performing due diligence on endowment holders, revising the qualifications to hold specific funds, and adding exceptions for federal projects. The bill would take effect immediately as an urgency statute.

**FISCAL SUMMARY**

This bill would result in avoided costs as the Department of Fish and Game (DFG) would no longer be required to perform due diligence on endowment holders. The bill would also authorize DFG to recoup costs associated with review and approval of holder qualifications through a one-time fee charged to the endowment holder. However, at this time the amount of the cost avoidance from eliminating DFG due diligence and the revenue generated from the one-time fee are unknown.

**COMMENTS**

The Department of Finance is neutral on the bill. The bill would address unintended consequences resulting from Chapter 509, Statutes of 2011 (SB 436), and could result in reduced costs to DFG to implement SB 436.

SB 436 authorized a state or local agency to allow a qualified and approved nonprofit organization or special district to hold property and long-term endowments to mitigate adverse impacts to natural resources caused by a permitted development project. SB 436 has not been implemented as concerns were identified that are expected to be corrected through this bill. For example, SB 436 narrowly restricted the entities that could hold property and long-term endowments. This bill would expand the eligible entities allowing federal government agencies, water districts, and utility commissions to hold property and long-term endowments. Furthermore, this bill would further refine the reporting requirements of SB 436, increasing the level of transparency.

Analyst (0634) J. Silva	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS--(CONTINUED)**

**AUTHOR**

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	
3600/Dept FishGam	SO	No		----- Cost avoidance from due diligence -----			0200
1253/Proc Fees	RV	No		----- One-time fee on endowment holder -----			0200
<u>Fund Code</u>	<u>Title</u>						
0200	Fish and Game Preservation Fund						