
SENATE COMMITTEE ON REVENUE AND TAXATION

Senator Jerry McNerney, Chair

2025 - 2026 Regular

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Consultant: Summers

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Tax Levy: No
Fiscal: Yes

CALIFORNIA SEA OTTER VOLUNTARY TAX CONTRIBUTION FUND

Reestablishes the California Sea Otter Voluntary Tax Contribution Fund; authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return for tax years 2027 through 2034.

Background

Voluntary Tax Contribution Funds. California allows taxpayers to contribute money towards voluntary contribution funds (VCFs), commonly called “check-offs,” on their Personal Income Tax (PIT) return. Taxpayers may contribute money to one or more of these VCFs from the excess of the amount they owe in taxes and can claim a deduction for the year the contribution is made. Their contribution to a VCF is only made if their tax payments and credits exceed the taxes they owe to the state. Taxpayers can voluntarily contribute to one or several of the 18 organizations on their PIT return. These organizations include nonprofits that work on disease, natural resource conservation, and more.

The Legislature adds each VCF individually to PIT return forms through legislation. With a few exceptions, VCFs remain on the return until the Franchise Tax Board (FTB) removes the VCF due to a sunset provision or the VCF fails to meet the statutory minimum contribution amount. By September 1 of each calendar year, the FTB must determine whether estimated contributions to specified funds will be less than the minimum contribution amount required for that calendar year. If FTB estimates a fund will fail to meet the minimum contribution amount for a calendar year, the fund is repealed on January 1 of the following calendar year. In general, the annual minimum contribution amount is \$250,000, beginning the fund’s second year, with some adjusted for inflation. The VCFs below do not have a minimum contribution requirement:

- California Firefighters’ Memorial Foundation Fund;
- California Peace Officer Memorial Foundation Fund;
- California Senior Citizen Advocacy Voluntary Tax Contribution Fund; and
- California Seniors Special Fund.

In tax year 2025, there are 18 active VCFs. The contributions to these VCF during the year 2025 were as follows¹:

Alzheimer’s Disease and Related Dementia	\$401,309
California ALS Research Network	\$75,418

¹ <https://www.ftb.ca.gov/file/personal/voluntary-contribution-funds/annual-contribution/index.html>.

California Breast Cancer Research	\$353,549
California Cancer Research	\$353,549
California Firefighters' Memorial	\$210,997
California Peace Officer Memorial Foundation	\$88,274
California Sea Otter	\$228,948
California Senior Citizen Advocacy	\$104,465
California Seniors Special Fund	108,752
Emergency Food for Families**	\$455,440
Keep Arts in Schools	\$221,043
Mental Health Crisis Prevention	\$267,818
Native California Wildlife Rehabilitation	\$281,545
Prevention of Animal Homelessness and Cruelty	\$229,269
Protect Our Coast and Oceans	\$247,745
Rare and Endangered Species Preservation	\$319,151
School Supplies for Homeless Children	\$479,871
State Parks Protection Fund/Parks Pass Purchase*	\$510,171
2025 TOTAL	\$4,937,314
2025 Average	\$274,295
* Most Popular 2025	
** Historically Most Popular VCF by Annual Average Contributions	

After a taxpayer contributes to a VCF, the FTB deposits all contributions, minus its administration costs, into a fund named for the VCF. State agencies administer most VCF funds to fund the purpose outlined in the legislation that placed the VCF on the PIT form. For other VCFs, the State Controller's office allocates taxpayer contributions directly to the private organization without going through an administrative agency. For example, the State Controller's office directly passes taxpayer contributions to the California Fire Foundation.

Senate Bill 1476. In December 2015, the Senate Committee on Governance and Finance held an oversight hearing on VCFs. The Committee identified best practices and reforms needed to ensure the state allocates taxpayer contributions toward charitable purposes transparently and in a timely manner. In 2016, the Legislature enacted SB 1476 (Committee on Governance and Finance), which codified those best practices and established general provisions for all VCFs enacted or extended after January 2, 2017. Specifically, the bill required VCFs:

- The words “voluntary tax contribution” must be included in the fund's name;
- The administering agency's website shall report specific data related to the usage of the amounts received via voluntary contribution;
- A voluntary contribution fund must receive a minimum contribution of \$250,000 for the second calendar year after it first appears on the tax return and each year after that to remain on the tax return; and

- A voluntary tax contribution would remain in effect only until January 1 of the seventh calendar year following the first appearance of the contribution on the tax return and be repealed as of December 1 of that year.

California Sea Otter Fund. First added to the tax return in 2006, the California Sea Otter Fund allocates funds equally between the California Coastal Conservancy and the Department of Fish and Wildlife (AB 2485, Jones). AB 2485 directed the Department to use funds for investigation, prevention, and enforcement actions related to sea otter mortality, as well as public outreach activities related to the VCF; the Department has used these funds primarily, but not exclusively, for staff costs for Department scientists to investigate causes of sea otter mortality and other potential factors limiting population growth. The Department also uses funds for marine wildlife research in conjunction with funds from other sources.

AB 2485 required the Coastal Conservancy to use funds from the sea otter VCF for research and programs related to the near-shore ecosystem, including sea otters. The Conservancy administers an annual grant program (\$165,000 in 2019) funded in part by the VCF. The VCF has funded a variety of projects, including educating kayakers about sea otters, removing non-native carp from sea otter habitat in the City of Watsonville, and investigating sea otter mortality patterns.

The California Sea Otter Fund has consistently raised more than \$300,000 per year, which exceeds its minimum contribution amount. As a result, the Legislature has extended the fund three times: AB 971 (Monning, 2011), SB 17 (Monning, 2015), and SB 587 (Monning, 2020). However, the sea otter VCF failed to meet the minimum annual contribution amount of \$250,000 during 2025 and, as a result, was repealed, and won't appear on the tax return in the 2025 taxable year unless legislatively reauthorized.

The author wants to reestablish the California Sea Otter VCF through tax year 2034.

Proposed Law

Senate Bill 575 reestablishes the California Sea Otter Voluntary Tax Contribution Fund, authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return, and repeals the VCF on January 1, 2035. Contributions to this fund are allocated to the Department of Fish and Wildlife and the State Coastal Conservancy for the purposes of researching and preventing sea otter mortality.

State Revenue Impact

Pending.

Comments

1. Purpose of the bill. According to the author, "Senate Bill 575 re-establishes the California Sea Otter Voluntary Contribution Fund to allow taxpayers to continue supporting sea otter conservation efforts through voluntary tax return donations. I authored the bill that created this fund in 2006 in the Assembly. Since then, the fund has supported sea otter recovery efforts and reintroduction planning, community engagement and education, and sea otter rescue and rehabilitation. The Sea Otter Fund failed to meet its minimum contribution requirement in 2024

thereby making the fund inoperative. SB 575 will re-establish the fund with a sunset of 2035 and remove the minimum contribution limit to ensure the state can continue funding sea otter conservation.”

2. Many worthy causes. Today, the PIT return contains 18 VCFs. Even though the Legislature has added many VCFs over the years, total contributions for all funds have remained fairly consistent. As a result, extending current or adding new ones may make it more difficult for each to meet its minimum contribution requirement.

3. Minimum contribution requirement. The \$250,000 minimum contribution requirement for VCFs, which SB 1476 made mandatory for all new or extended VCFs, was intended to ensure that only funds with significant taxpayer support remain on the tax return, thereby justifying administrative costs and competition among funds. While paper forms posed clear cost and space concerns, the minimum requirement persists even as taxpayers have shifted over time to filing returns mostly electronically. Additionally, despite the increased number of VCFs added to tax forms over the years, it is a rare occasion that a VCF fails to meet into minimum contribution requirement. In these cases, the Legislature has previously removed the minimum threshold for some VCFs, such as the California Senior Citizen Advocacy VCF (SB 309 (Rubio, 2019); extended by AB 559 (Boerner, 2023) with no minimum threshold).

4. Challenges presented by increased electronic filing. A key challenge for VCFs, from the increase in taxpayers using electronic filing, is that many taxpayers may never see these voluntary contribution options. Electronic tax preparation software often prioritizes credits and deductions, and VCF checkboxes may require proactive navigation or be otherwise unavailable in the software. As a result, even taxpayers who might want to contribute to a VCF may not be aware of the option to contribute, leading to reduced overall contributions and making it difficult for VCFs to meet the \$250,000 minimum. The Committee may wish to consider whether this reduced visibility issue diminishes the practical impact of the minimum threshold requirement and the fairness of removing a fund solely due to low contributions.

5. SB 1476 requirements. With the exception of failing to meet the \$250,000 minimum contribution requirement in 2025, the previous See Otter fund substantially complied with the best practices outlined in SB 1476, detailed above. The State Coastal Conservancy lists grant and project amounts, and the Department describes how funds are used.² The available information indicates that these agencies will continue to fully comply with SB 1476’s requirement that the administering agency’s website report specific data on the use of amounts received via voluntary contribution. However, if the agencies fail to satisfy the reporting requirements specified in SB 1476, the Legislature may consider this factor when determining whether this fund should be extended in the future.

6. Related VCF. As noted in the chart in the background section, there is one other active VCF for wildlife, the Native California Wildlife Rehabilitation VCF, which was established to support the rehabilitation of injured, sick, or orphaned native wildlife and for wildlife conservation education.

7. Vital research. The California Coastal Conservancy and the Department of Fish and Wildlife will each be allocated 50% of the contributions. The California Coastal Conservancy will use the contributions for research and programs related to the near-shore ecosystem, including sea

² <https://scc.ca.gov/grants/sea-otter-recovery-fund/>; <https://wildlife.ca.gov/Tax-Donation>.

otters. The Department of Fish and Wildlife will use the contributions to establish a sea otter fund within the department's index coding system to support increased investigation, prevention, and enforcement actions.

8. Committee amendments. The committee recommends the following technical amendments:

- To ensure that the Sea Otter VCF appears on the 2026 tax return, amend the bill to specify that the VCF shall appear on the 2026 tax returns.
- To comply with the seven-year limitation required by SB 1476, amend the bill's repeal date.
- To ensure that the fund does not repeal in future tax years due to the annual contributions falling below the \$250,000 threshold, amend the bill to state that, notwithstanding subdivision (c) of Section 18873, this fund shall remain in effect until the repeal date.

Support and Opposition (1/8/26)

Support: Defenders of Wildlife (Sponsor)

350 Bay Area Action

Center for Biological Diversity

Clean Water Action

Environment California

Monterey Bay Aquarium

Natural Resources Defense Council

Planning and Conservation League

Resource Renewal Institute

Sierra Club California

Surfrider Foundation

Opposition: None received.

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