

Date of Hearing: June 8, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

Mike Gipson, Chair

SB 575 (Laird) – As Amended June 1, 2026

Majority vote. Fiscal committee.

SENATE VOTE: 39-0

SUBJECT: California Sea Otter Voluntary Tax Contribution Fund

SUMMARY: Requires the Franchise Tax Board (FTB) to revise the personal income tax (PIT) return to add the California Sea Otter Voluntary Tax Contribution Fund (Fund) as a voluntary contribution fund (VCF). Specifically, **this bill:**

- 1) Establishes the Fund in the State Treasury.
- 2) Provides that all of the moneys transferred to the Fund shall be continuously appropriated and first allocated to the FTB and the State Controller for reimbursement of all administrative costs incurred. Additionally, the allocation of remaining revenues is as follows:
 - a) 50% to the California Department of Fish and Wildlife (CDFW) to be used for sea otter conservation, including but not limited to, increased investigation, prevention, and enforcement actions related to sea otter mortality, and for public outreach activities that encourage taxpayers to make contributions by voluntary checkoff on a tax return to the Fund; and,
 - b) 50% to the State Coastal Conservancy for competitive grants and contracts to public agencies and nonprofit organizations for research, science, protection, projects, or programs related to the Federal Sea Otter Recovery Plan or improving the nearshore ocean ecosystem, including, but not limited to, program activities to reduce sea otter mortality, and for public outreach activities that encourage taxpayers to make contributions by voluntary checkoff on a tax return to the Fund. The projects or programs may also address pathogens and water and wastewater treatment technologies.
- 3) Requires the State Coastal Conservancy to solicit available federal, private, matching, and other dollars to maximize or leverage contributions made to the Fund to provide the greatest benefit for sea otters.
- 4) Requires the CDFW and State Coastal Conservancy to post on their websites information regarding the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded by the agency, including, but not limited to, information regarding recipients of funds.
- 5) Provides that the VCF shall be operative for taxable years beginning on or after January 1, 2026, and before January 1, 2033.

- 6) Requires the Fund to meet a standard minimum contribution amount of \$250,000 to remain in effect.

EXISTING LAW:

- 1) Allows taxpayers to contribute to one or more of 18 VCFs on the 2025 PIT return. (Revenue and Taxation Code (R&TC) Section 18700 *et seq.*)
- 2) Requires each VCF to meet an annual minimum contribution amount to remain in effect, except for the California Firefighters' Memorial Voluntary Tax Contribution Fund, the California Peace Officer Memorial Foundation Voluntary Tax Contribution Fund, the California Senior Citizen Advocacy Voluntary Tax Contribution Fund, and the California Seniors Special Fund. (R&TC Sections 18801 *et seq.*, 18805 *et seq.*, 18730 *et seq.*, and 18771 *et seq.*)
- 3) Provides a specific sunset date for each VCF, except for the California Seniors Special Fund and the State Parks Protection Fund. (R&TC Sections 18771 *et seq.* and 18900.1 *et seq.*)
- 4) Requires the statutory provisions establishing a VCF to remain in effect only until January 1 of the seventh calendar year following the VCF's first appearance on the PIT return. (R&TC Section 18873.)

FISCAL EFFECT: The FTB estimates that this bill would reduce General Fund revenues by approximately \$6,000 in both fiscal year (FY) 2027-28 and 2028-29.

COMMENTS:

- 1) The author has provided the following statement in support of this bill:

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 2033 [...]

- 2) This bill is supported by Defenders of Wildlife, which notes:

As part of our work towards sea otter recovery, Defenders of Wildlife works collaboratively with state agencies each year to promote the California Sea Otter VCF. Facing economic uncertainty and reductions in federal funding for wildlife conservation, much of the important sea otter research and restoration work will be at risk without this essential funding pot. The California Sea Otter VCF has been successfully raising critical funding for nearly two decades and deserves to continue. Senate Bill 575 will re-establish the VCF with an expiration date of 2033, providing another seven years of meaningful funding for a still-struggling sea otter population hoping to resurge.

- 3) Committee Staff Comments:

- a) *Prior sea otter VCF*: As noted by the author and supporters, the Fund was originally created by legislation in 2006 and last appeared on the 2024 return. The total annual contributions to the Fund for the past three years are as follows:

2023	2024	2025
\$301,979	\$254,601	\$228,948

From 2008 to 2026, the State Coastal Conservancy was awarded a total of \$2,211,017.18 in grants and contracts from the Fund. The program that received the largest amount of funding is the Be Otter Savvy Program (\$337,800), which educated the wildlife-viewing public (such as kayakers and photographers) on responsible viewing of wild sea otters to reduce the stress and harassment and is collecting data on disturbance impacts. Other projects include the Sea Otter Savvy's Sea Recovery Community Engagement program (\$121,400), conceptual planning for sea otter reintroduction (\$155,200), supporting sea otter surrogacy at the Monterey Bay Aquarium (\$79,750), and contributing to the construction of sea otter surrogacy enclosures at the Aquarium of the Pacific.¹

Additionally, the Fund has supported research partnerships between California universities and public agencies to better understand sea otter population dynamics, and human-induced threats.

- b) *What would this bill do?* For taxable years beginning on or after January 1, 2026 and before January 1, 2033, this bill would require the inclusion of the Fund as a VCF on the PIT return. After reimbursement of the FTB and State Controller for their administrative costs, all moneys in the Fund would be continuously appropriated to the State Coastal Conservancy and the CDFW to be used for sea otter conservation, research, and public outreach activities that encourage taxpayers to make contributions to the Fund via their PIT return.
- c) *So many causes, so little space*: There are countless worthy causes that would benefit from the inclusion of a VCF on the state's income tax returns. At the same time, space on the returns is limited. Thus, it could be argued that the current system for adding VCFs to the form is subjective and essentially rewards organizations and causes that can convince the Legislature to include their fund on the form.
- d) *Leveling the field*: In an effort to promote a fair playing field, the Legislature enacted a series of requirements for new and extended VCFs. Specifically, R&TC Section 18873 was added by SB 1476 (Committee on Governance and Finance), Chapter 597, Statutes of 2016, to bring a degree of uniformity and improvement to the disparate VCF statutes. Among other things, Section 18873 provides the following parameters:
- i) The words "voluntary tax contribution" shall be included as part of the name of the fund;

¹ "Sea Otter Recovery Fund." California State Coastal Conservancy.
<https://scc.ca.gov/grants/sea-otter-recovery-fund/>.

- ii) The website of the fund's administering agency shall report the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded, as specified;
 - iii) The minimum contribution amount that must be received for the fund to continue appearing on the tax return is \$250,000, without subsequent inflation adjustments; and,
 - iv) The statutory provisions establishing a VCF shall remain in effect only until January 1 of the seventh calendar year following the VCF's first appearance on the return.
- e) *A note on administrative costs:* VCFs often limit the amount of fund moneys the administering agency may use for its administrative costs to ensure that the bulk of fund proceeds go to their intended use. For example, the statutory provisions authorizing the Prevention of Animal Homelessness and Cruelty Voluntary Tax Contribution Fund specify that the Department of Food and Agriculture may only use up to 5% of the funds allocated to the department for administering its grant program. As such, the Committee may wish to consider a similar cap on the CDFW and State Coastal Commission's use of Fund proceeds for administrative purposes.
- f) *Related legislation:*
- i) SB 1073 (Smallwood-Cuevas) would create the Black Cultural District VCF and require the FTB to include it on the PIT return for taxable years beginning on or after January 1, 2026, and before January 1, 2033, provided it receives at least \$250,000 in annual contributions. SB 1073 (Smallwood-Cuevas) will be heard by this Committee today.
 - ii) SB 881 (McNerney) would, among other things, extend the statutory provisions authorizing the Emergency Food for Families Voluntary Tax Contribution Fund until January 1, 2037, as provided. SB 881 (McNerney) is scheduled to be heard by this Committee on June 15, 2026.
- g) *Prior legislation:*
- i) AB 2485 (Jones and Laird), Chapter 296, Statutes of 2006, created the initial California Sea Otter Voluntary Contribution Fund.
 - ii) AB 971 (Monning), Chapter 209, Statutes of 2011, extended the Fund's sunset date to January 1, 2016.
 - iii) SB 17 (Monning), Chapter 136, Statutes of 2015, extended the Fund's sunset date to January 1, 2021.
 - iv) SB 587 (Monning), Chapter 229, Statutes of 2020, extended the Fund's sunset date to 2028 or earlier if estimated contributions fall below \$250,000.

REGISTERED SUPPORT / OPPOSITION:

Support

350 Bay Area Action
Center for Biological Diversity
Clean Water Action
Defenders of Wildlife
Environment California
Monterey Bay Aquarium
Natural Resources Defense Council (NRDC)
Planning and Conservation League
Resource Renewal Institute
Sierra Club California
Surfrider Foundation

Opposition

None on file

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