

- 2) Minor and absorbable costs to the FTB and the SCO to administer another voluntary contribution fund (VCF) program, likely offset by Fund contributions.
- 3) Minor and absorbable costs to DFW and the SCC to continue administering sea otter programs and report specified information, likely offset by Fund contributions.

COMMENTS:

- 1) **Purpose.** According to the author:

[This bill] re-establishes the California Sea Otter [VCF] 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.

This bill is sponsored by Defenders of Wildlife and supported by other conservation and environmental organizations.

- 2) **Background. VCFs.** Existing law allows a taxpayer to donate an amount in excess of their PIT liability to one or more VCFs listed on the PIT return. There were 18 VCFs listed on the 2025 return. Generally, a VCF remains on the PIT return until a statutory sunset date, but if the FTB determines the VCF fails to meet a \$250,000 minimum contribution amount, the VCF is statutorily repealed and the FTB removes the VCF from the return.

California Sea Otter VCF. Legislation enacted in 2006 created the original California Sea Otter VCF to support sea otter conservation and recovery, which has been extended several times over the decades. Most recently, SB 587 (Monning), Chapter 229, Statutes of 2020, extended this VCF to 2028 or earlier if estimated contributions fall below the minimum contribution amount. Although the California Sea Otter VCF received \$301,979 in 2023 and \$254,601 in 2024, the VCF received only \$228,948 in 2025, resulting in the FTB removing the VCF from the 2025 PIT return.

This bill re-establishes the California Sea Otter VCF on the 2026 PIT return and the next six PIT returns if the VCF meets the \$250,000 minimum contribution amount. However, unlike other VCF programs that impose a limit on state agencies' use of funds for related administrative costs (for example, the University of California, which distributes grants from the California Pediatric Cancer Research VCF, may use up to 5% of allocations for administering and promoting the program), this bill contains no such limitation and explicitly authorizes DFW and the SCC to use funds for public outreach activities to encourage taxpayers to make contributions through the PIT return.

- 3) **Related Legislation.** AB 703 (Lee), Chapter 63, Statutes of 2025, added the California Pediatric Cancer Research VCF to the PIT return.

AB 829 (Sharp-Collins), Chapter 99, Statutes of 2025, added the Parkinson's Disease Research VCF on the PIT return.

AB 611 (Lee) was recently amended to strike the bill's previous contents and instead add the California Spinal Cord Injury Research VCF on the PIT return. AB 611 is pending hearing in the Senate Revenue and Taxation Committee.

SB 881 (McNerney) extends the sunset dates for the Emergency Food for Families VCF and the Donated Fresh Fruits and Vegetables tax credit. SB 881 is pending on the Assembly Revenue and Taxation Committee's suspense file.

SB 1073 (Smallwood-Cuevas) adds the Black Cultural District VCF on the PIT return. SB 1073 is pending hearing by the Assembly Arts, Entertainment, Sports, and Tourism Committee.

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