SENATE THIRD READING
SB 575 (Laird)
As Amended June 1, 2026
Majority vote

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) for taxable years beginning on or after January 1, 2026, and before January 1, 2033.

Major Provisions

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

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.

COMMENTS

1) *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.

2) *Prior sea otter VCF*: 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.

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

3) *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.

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 2033 […]

Arguments in Support
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.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

1) Beginning fiscal year 2027-28, annual General Fund revenue loss of approximately $6,000. FTB generally assumes $6,000 in GF revenue loss for every $250,000 in Fund contributions.

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.

VOTES

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Gonzalez

ASM REVENUE AND TAXATION: 7-0-0
YES: Gipson, Sanchez, Carrillo, DeMaio, McKinnor, Quirk-Silva, Michelle Rodriguez

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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CONSULTANT: Wesley Whitaker / REV. & TAX. / (916) 319-2098 FN: 0003204