

UNFINISHED BUSINESS

Bill No: SB 575
Author: Laird (D)
Amended: 6/1/26
Vote: 21

SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 1/14/26
AYES: McNerney, Valladares, Ashby, Grayson, Umberg

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 39-0, 1/26/26 (Consent)
AYES: 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
NO VOTE RECORDED: Gonzalez

ASSEMBLY FLOOR: 75-0, 8/6/26 - See last page for vote

SUBJECT: California Sea Otter Voluntary Tax Contribution Fund

SOURCE: Defenders of Wildlife

DIGEST: This bill reestablishes the California Sea Otter Voluntary Tax Contribution Fund and authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return for tax years 2026 through 2033.

Assembly Amendments of 6/1/26 (1) clarify that taxpayers are authorized to make voluntary contributions to the Fund on an original return during taxable years 2026-2032; and (2) make the Fund inoperative if the Franchise Tax Board (FTB) determines that it will receive less than \$250,000 in contributions in a calendar year.

ANALYSIS:

Existing law:

- 1) Allows taxpayers to contribute money from their own resources in excess of the amount they owe in taxes to Voluntary Contribution Funds (VCF) by checking a box on their state Personal Income Tax (PIT) return.
- 2) Establishes several VCFs to be listed on the PIT Return.
- 3) Requires, generally the FTB to remove a VCF due to a sunset provision or if the VCF fails to meet the statutory minimum contribution amount, usually \$250,000.
- 4) Provides that after a taxpayer contributes to a VCF, FTB deposits all contributions, minus its administration costs, into a fund named for the VCF.
- 5) Requires that VCFs meet certain best practices, such as:
 - a) Include “voluntary tax contribution” in the fund name;
 - b) Requires the administering agency’s internet website to report specific data related to the usage of the amounts received from a VCF;
 - c) Be repealed following January 1 of the seventh calendar year following the first appearance of the contribution on the tax return and be repealed as of December 1 of that year.

This bill:

- 1) Reestablishes the California Sea Otter Voluntary Tax Contribution Fund.
- 2) Authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return for tax years 2026 through 2033.
- 3) Requires the VCF to meet the annual \$250,000 minimum contribution requirement to remain on the PIT form, or the Fund becomes inoperative.
- 4) Repeals the VCF on December 1, 2033.
- 5) Directs that 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.

Background

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 (DFW) (AB 2485, Jones, Chapter 296, Statutes of 2006). AB 2485 directed DFW to use funds for investigation, prevention, and enforcement actions related to sea otter mortality, as well as public outreach activities related to the VCF; DFW has used these funds primarily, but not exclusively, for staff costs for DFW scientists to investigate causes of sea otter mortality and other potential factors limiting population growth. DFW 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, Chapter 209, Statutes of 2011), SB 17 (Monning, Chapter 136, Statutes of 2015), and SB 587 (Monning, Chapter 229, Statutes of 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 did not appear on the 2025 tax return.

Related legislation

SB 881 (McNerney, 2026), which, among other provisions, extends the January 1, 2026, repeal date for the Emergency Food for Families Voluntary Tax Contribution Fund to January 1, 2037.

SB 1073 (Smallwood-Cuevas, 2026), which establishes the Black Cultural District Voluntary Tax Contribution Fund, and authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return for taxable years 2026 through 2032.

AB 611 (Lee, 2025), which establishes the California Spinal Cord Injury Research Voluntary Tax Contribution Fund and authorizes a taxpayer to make a voluntary contribution to the fund on their state personal income tax return from tax year 2027 to 2033.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee:

- 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.
- Minor and absorbable costs to the FTB and the State Controller's Office to administer another voluntary contribution fund program, likely offset by Fund contributions.
- Minor and absorbable costs to DFW and the State Coastal Conservancy to continue administering sea otter programs and report specified information, likely offset by Fund contributions.

SUPPORT: (Verified 8/7/26)

Defenders of Wildlife (source)
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: (Verified 8/7/26)

None received

ARGUMENTS IN SUPPORT:

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.”

ASSEMBLY FLOOR: 75-0 , 8/6/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Ellis, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Elhawary, Flora, Fong, Sanchez

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