

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1633 (Haney) – As Introduced January 26, 2026

Policy Committee: Revenue and Taxation Vote: 5 - 2

Urgency: No State Mandated Local Program: Yes Reimbursable: No

**SUMMARY:**

This bill enacts the Private Detention Facility Tax Law.

Specifically, this bill:

- 1) Imposes, beginning January 1, 2017, an annual tax on each private detention facility operator equal to 50% of the operator's gross receipts, regardless of whether the facility contracts to provide detention services for a federal, state, or local entity.
- 2) Requires the Department of Tax and Fee Administration (CDTFA) to administer and collect the tax pursuant to the Fee Collection Procedures Law and authorizes CDTFA to adopt emergency regulations for administration and enforcement.
- 3) Establishes the Due Process for All Fund (Fund) in the State Treasury, requires all revenues collected, except for tax refunds and reimbursement of administrative costs to CDTFA, to be deposited in the Fund, and directs money in the Fund to be used, upon appropriation, for immigration-related services.

**FISCAL EFFECT:**

- 1) Revenue gain of approximately \$177.4 million in fiscal year 2027-28 by imposing a 50% gross receipts tax on private detention facility operators (Fund). Likely similar revenue gain annually thereafter to the extent such contracts continue in California.
- 2) Initial costs of over \$1 million to CDTFA to establish this new tax program for private detention facility operators, which includes identifying and notifying taxpayers, creating a new tax return, programming computer systems, revising publications, developing special notices and tax guides, developing regulations, preparing guidelines for staff, and answering numerous questions from operators and the public (Fund). Additionally, ongoing costs to CDTFA for continued administration, collection, and enforcement efforts.

**COMMENTS:**

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

Private corporations such as GEO Group and CoreCivic continue to profit from operating immigration detention facilities in California, despite longstanding concerns about unsafe conditions, inadequate

medical care, and lack of accountability in civil detention settings...While California cannot dictate federal immigration policy, the state has a responsibility to ensure that corporations profiting from detention are held accountable. AB 1633 seeks to do so by imposing a gross receipts tax on private detention operators and directing the revenue toward immigrant legal services and due process protections.

- 2) **Restricting Federal Actions.** The Legislature has made many attempts to confront the Trump administration's aggressive immigration tactics. While some legislation has withstood legal scrutiny, the state has not always been successful – notably, the Ninth Circuit's en banc decision in *Geo Group, Inc. v. Newsom*, 50 F.4th 745 (2022), which held that AB 32 (Bonta), Chapter 739, Statutes of 2019, prohibiting private detention facilities, likely violated the Supremacy Clause.

This bill does not prohibit private detention facilities from operating in California, but instead taxes the revenues generated by their operation to partially offset the impacts of such enforcement actions on California's immigrant communities. However, to the extent this bill is challenged in court, any defense costs would be borne by the Department of Justice. Additionally, the Assembly Revenue and Taxation Committee's analysis of this bill notes:

While the CDTFA estimates a potentially significant revenue gain resulting from the imposition of this tax, these estimates reflect both a high rate of 50% and the specific metric used to calculate the tax owed. Here, gross receipts would refer to the total income derived from the operation of a private detention facility before any deductions or expenses.

- 3) **Support and Opposition.** This bill is sponsored by State Superintendent of Public Instruction Tony Thurmond, who asserts, "I have been deeply disturbed by some of the cruel immigration enforcement practices, including the deportation of a six-year-old Deaf student who has been enrolled in the Department of Education's own California School for the Deaf in Fremont" and argues, "If California is serious about our values, they must show up in how our systems operate and what we allow." This bill is co-sponsored by the California Immigrant Policy Center and Services, Immigrant Rights and Education Network and supported by a large coalition of social justice and community groups.

This bill is opposed by SFV Alliance, which argues this bill is "a punitive tax against those fulfilling the will of the majority of people of the United States who voted for this administration to aggressively enforce immigration codes of the United States."

- 4) **Related Legislation.** AB 1675 (Lee) enacts the No Tax Breaks for ICE Contractors Act of 2026 to prohibit tax credits for a corporation that contracts with the U.S. Department of Homeland Security. AB 1675 is pending hearing by this committee.

AB 2465 (Ortega) enacts the No Taxpayer Dollars for Family Separation Act to prohibit tax credits for a business entity that invests in or contracts with a private detention facility engaging in immigration enforcement on behalf of out-of-state or federal agencies. AB 2465 is pending on this committee's suspense file.