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# SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

2025 - 2026 Regular

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**Bill No:** SB 1171  
**Author:** Caballero  
**Version:** 4/15/26

**Hearing Date:** 4/22/26  
**Fiscal:** Yes  
**Consultant:** Vargas

## ***STATE FUNDS: GRANT PROGRAMS: LOAN PROGRAMS: ELIGIBILITY***

*Prohibits California state and local agencies from awarding grants or loans that use state funds to a private entity that contracts with United States Immigration and Customs Enforcement (ICE).*

### **Background**

***California grant and loan programs.*** California administers a wide range of grant and loan programs funded with state dollars across various sectors such as housing, education, infrastructure, environmental protection, and economic development. Some of those programs include:

- **Housing grants.** The Department of Housing and Community Development oversees major state-funded programs that provide both grants and loans for affordable housing and homelessness response, including Homekey, the Homeless Housing, Assistance and Prevention (HHAP) program, the Multifamily Housing Program, and the Infill Infrastructure Grant program;
- **Environmental grants.** The Department of Water Resources and the California Natural Resources Agency provide state-funded financial assistance for water infrastructure, flood control, environmental restoration, and climate resilience projects; and
- **Energy-related grants.** The California Public Utilities Commission (CPUC) administers several grant programs that also rely on state-authorized funding or ratepayer-supported public purpose funds, including the Equity and Access Grant Program, California Advanced Services Fund, and Digital Divide grant.

As local governments receive state funding to administer state grant or loan programs, they often redistribute those funds to different entities, including private or non-profit entities.

***Companies with ICE contracts.*** According to Fortune, hundreds of private entities contract with ICE, including industries related to detention operations, technology, logistics, and services. The scale of these contracts varies significantly, from relatively small service agreements to multi-million-dollar awards. One example is Motorola Solutions with contracts around \$15 million for tactical communications infrastructure.

***ICE detention centers in California.*** As of 2026, there are seven detention centers in California operated by private entities under contracts with ICE. Three are in Kern County, two in San Bernardino County, one in each Imperial and San Diego Counties. Most recently, ICE awarded CoreCivic a new contract valued at \$130 million to operate California's largest ICE detention center in California City until August 2027.

Private entities operating these facilities or actively working with ICE may also maintain contracts with other governmental entities, including those receiving state funds through local agencies. The author wants to prevent state dollars going to entities that contract with ICE.

### **Proposed Law**

Senate Bill 1171 prohibits a state agency, local agency, or third-party contractor from issuing grant or a loan from a program that uses state funds to a private entity that contracts with ICE.

SB 1171 also requires a state agency, local agency, and third-party contractors to list in their eligibility requirements that a private entity must not contract with ICE.

SB 1171 applies for applications received after July 1, 2027. The bill defines its terms and includes findings and declarations to support its purposes.

### **Comments**

1. Purpose of the bill. According to the author, “California is home to nearly 11 million immigrants, including over 2 million undocumented residents. Our state has long valued the contributions immigrants make to our economy and communities and has enshrined protections for immigrants in state law. Immigrants have strengthened our economy, enriched our cultural identity, and have positively contributed to the social fabric of California since its founding.”

“Since June of last year, U.S. Immigration and Customs Enforcement (ICE) has conducted military-style immigration raids throughout the country, including here in California. These operations have overwhelmingly targeted communities of color, separated children from their parents, torn families apart, undermined public safety and trust in our local governments, and have deterred many of our immigrant neighbors from accessing critical resources like health care, education, and emergency services.”

“Masked ICE agents have used violent and aggressive physical enforcement tactics to enforce civil immigration policy. These enforcement actions have led to numerous lawsuits alleging racial profiling, unlawful detention, and excessive use of force against United States citizens, lawful permanent residents, and undocumented immigrants alike.”

“While California does not have the authority to prevent the federal government from operating in our state, we do have the authority to decide how state and local tax dollars are spent. The Legislature has a responsibility to the taxpayers of the state to ensure their tax dollars are spent in a way that aligns with our values of community stability, safety, inclusivity, and the overall well-being and protection of every California resident.”

“Consistent with this responsibility, SB 1171 will exclude any private entity that contracts, works or partners with ICE, ineligible to receive consideration for a state funded loan or grant of any kind. California will not support the efforts of ICE, either directly or indirectly, when their actions contravene our values, instill a sense of fear in our communities, or harm our residents.”

2. Home rule. SB 1171 establishes statewide eligibility restrictions that apply to local agencies in the administration of covered funding programs. The bill may limit the options for local governments in selecting qualified service providers based on local priorities and operational needs. SB 1171 could reduce flexibility for local agencies to structure contracting relationships

that best address community-specific conditions, particularly in areas where specialized services are limited. For example, rural counties have a hard time keeping rural hospitals open due to funding and other obstacles and may rely on non-profits to deliver basic health care to its residents. That same non-profit might also deliver health care services to detainees inside a detention center. Under SB 1171, the non-profit could become ineligible to receive state grants due to these activities, and the county could be forced to terminate its contract with the provider, potentially leading to unintended consequences.

3. Complicated. SB 1171 presents administrative and implementation challenges for local agencies, particularly in ensuring consistent and enforceable compliance with its funding restrictions. A central difficulty lies in identifying and verifying whether applicants maintain relationships with ICE. SB 1171 tries to capture all the different ways that a private entity could be by listing different subsidiaries. Public officials would then need to identify which companies have ICE contracts, including parent companies, subsidiaries, and subcontractors. The bill is not clear on the guidance for how public agencies should go about identifying entities that contract with ICE and therefore could be difficult to enforce.

4. Sub-contractors. Private companies may be organized in a variety of ways, including having subsidiaries that are separate legal entities. SB 1171 includes a variety of different corporate structures, but does not capture these other types of business relationships. This leaves open the possibility that state grant funds could flow to a private entity, who then delivers those funds to a separate entity that has a contractual relationship with ICE. To foreclose this possibility, the Committee may wish to amend the bill to include subcontractors within the definition of covered entities and clarify eligibility requirements.

5. Charter city. The California Constitution allows cities that adopt charters to control their own “municipal affairs.” In all other matters, charter cities must follow the general, statewide laws. Because the Constitution does not define “municipal affairs,” the courts determine whether a topic is a municipal affair or an issue of statewide concern. SB 1171 says its statutory provisions apply to charter cities. To support this assertion, the bill includes a legislative finding that the fiscal integrity of local agencies is a matter of statewide concern.

6. Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because SB 1171 imposes additional duties on local officials, Legislative Counsel says that it imposes a new state mandate. The bill requires the state to reimburse local agencies if the Commission on State Mandates determines that the bill imposes a reimbursable mandate.

7. Incoming! The Senate Rules Committee has ordered a double referral of SB 1171: first to the Committee on Governmental Organization, which approved the bill at its April 14<sup>th</sup> hearing on a vote of 10-4, and second to the Committee on Local Government.

### **Support and Opposition** (4/17/2026)

Support: Inland Coalition for Immigrant Justice  
Inland Empire Immigrant Youth Collective  
Public Counsel  
San Bernardino Community Service Center, INC.

Opposition: California Chamber of Commerce

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