Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1171 (Caballero) – As Amended July 2, 2026

Policy Committee:	Governmental Organization	Vote:	14 - 6
	Local Government		8 - 2

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

SUMMARY:

This bill prohibits an administrator from providing a grant or loan of state funds to a private entity that contracts with the U.S. Immigration and Customs Enforcement (ICE).

Specifically, this bill:

1) Prohibits a state agency, local agency, or third-party contractor administering a grant or loan program that uses state funds ("administrator" of a "covered program") from providing a grant or loan to a private entity that contracts with ICE.

2) Requires a private entity applying to a covered program to agree to identify a subcontractor to be used under the program and certify to the administrator that the subcontractor does not contract with ICE.

3) Requires an administrator to include in a covered program's eligibility requirements that an eligible recipient is prohibited from contracting with ICE.

FISCAL EFFECT:

1) Costs of an unknown, but potentially significant amount, in excess of $150,000, to the state by creating new requirements for state agencies administering such grants or loans, as well as for third-party contractors administering such grants or loans with state funds (General Fund (GF), special fund, or bond funds). The magnitude of costs depends on the volume of impacted grants or loans and may be minor and absorbable for a state agency with few impacted covered programs (whether the state agency is the direct administrator or oversees administration of a state-funded program by a third-party contractor), but significant for other state agencies. Anticipated state agency workload costs include identifying "covered programs;" updating program application forms, regulations, and other eligibility criteria; and vetting and verifying compliance by prospective awardees, which is contingent on the accessibility and accuracy of contracting data.

   Additionally, to the extent this bill makes grant and loan administration more complex and results in more funds spent on administrative services instead of direct services and programming, this bill may create cost pressures to increase total program funding to meet existing program goals. Some third-party contractors may also choose to cease bidding on such contracts or applying for certain grants or loans, resulting in increased workload for the administering state agency.

2) Similarly, by requiring a local agency that administers a covered program to revise rules and practices, this bill may create a state-mandated local program. If the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service for which the state must reimburse local costs, the local agency may seek reimbursement from the state (GF, special fund, or bond funds).

COMMENTS:

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

> 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.

2) **Covered Programs.** The state administers a wide range of grant and loan programs funded with state dollars across various sectors, including housing, education, infrastructure, environmental protection, and economic development. This bill prohibits a state agency or other administering entity from providing a grant or loan comprised of state funds to a private entity that contracts with ICE. Based on publicly available data, there are a wide range of private companies that contract with ICE, providing services ranging from detention operations to routine business operations such as technology and logistics. As noted in the Assembly Governmental Organization Committee's analysis of this bill:

> Given the significant number of grant and loan program supported by state funds, it is unclear how many companies that have received such funding would become ineligible under this bill. However, publicly available information indicates that some potentially affected entities include AT&T and Comcast. For example, in late 2025, the CPUC announced that AT&T and Comcast, among other recipients, were awarded five grants totaling approximately $96 million to support broadband infrastructure projects…It appears, if the provisions of this bill had been in effect at that time, both AT&T and Comcast would have been ineligible for those grants due to their contracts with ICE.

3) **Support and Opposition.** This bill is sponsored by Inland Coalition for Immigrant Justice, which argues, "This restriction is necessary to ensure none of California's resources are used to support or facilitate the harm coming from this administration's immigration enforcement efforts." This bill is also supported by other community and legal aid groups.

   This bill is opposed by the California Chamber of Commerce, which argues this bill "will force businesses into the middle of a political dispute between state and federal authorities, and will punish even businesses who are in no way involved in the targeted conduct."

4) **Related Legislation.** AB 1675 (Lee) prohibits a corporation that contracts with the U.S. Department of Homeland Security from claiming a Corporation Tax credit. AB 1675's

hearing in the Senate Revenue and Taxation Committee was canceled at the request of the author.

AB 2465 (Ortega) prohibits a business that contracts with an agency for immigration enforcement-related purposes from receiving a state grant or loan, and prohibits a business that contracts with a private detention facility from claiming a tax credit. AB 2465 is pending hearing by the Senate Appropriations Committee.

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