SALLY J. LIEBER

CHAIR

CALIFORNIA STATE BOARD OF EQUALIZATION

MEMORANDUM

Date: June 10, 2026

To: Ted Gaines, Vice-Chair, Board Member, First District
Antonio Vazquez, Board Member, Third District
Mike Schaefer, Board Member, Fourth District
Malia M. Cohen, State Controller

From: Sally J. Lieber, Chair, Board Member, Second District

Re: Request for Board Support of Senate Bill 420 (Padilla, McNerney, and Umberg) Clarifying That For-profit Detention Facilities Do Not Qualify for the Property Tax Welfare Exemption.

I am writing to respectfully request that the Board of Equalization take a position in support of Senate Bill 420 (Padilla, McNerney, and Umberg) clarifying that for-profit detention facilities do not qualify for the Property Tax Welfare Exemption.

SB 420 represents a clear moral choice.

There should not be charitable property tax benefits for private for-profit detention centers (aka private prisons) that make money on the incarceration of human beings

As described in the American Civil Liberties Union (ACLU) California Immigration Detention Database, *"California holds the third-largest immigration detention population in the country. All six ICE detention facilities in the state are run by private, for-profit prison companies, making them prone to a lack of accountability or scrutiny from the outside world."*[1]

SB 420 will clarify that private for-profit detention centers are not in the same category of property used for religious, hospital, scientific, or charitable purposes.

[1] See: American Civil Liberties publication "The California Immigration Detention Database," linked at https://www.aclunorcal.org/campaigns-initiatives/ca_database/

Germaneness. This request is germane to the Board of Equalization's responsibilities because the provisions of SB 420 add Section 214.12 to the Revenue and Taxation Code, specifying that for the purposes of the welfare exemption provisions, "property used exclusively for religious, hospital, scientific, or charitable purposes" shall not include property, or any portion thereof, operated as a detention facility by a for-profit entity.

As stated in Board of Equalization Publication 149, *Property Tax Welfare Exemption*,[2] "*The Welfare Exemption is unique in that it is co-administered by the county assessors and the BOE. The BOE determines whether the organization itself is eligible for the exemption (that is, is the organization organized and operated exclusively for one or more of the qualifying purposes—charitable, hospital, religious, or scientific?). The county assessor determines whether an organization's specific property qualifies for the exemption based on the property's use (that is, is the property used exclusively for religious, scientific, hospital, or charitable purposes?).*"

Fiscal Impact. As SB 420 was amended on June 3, 2026, there is no analysis available (as of this writing) describing its possible fiscal impact. It can be anticipated that there would be an increase in property tax revenue from detention facilities currently operated by for-profit entitles.

State and Local Administrative Impacts. As SB 420 was amended on June 3, 2026, there is no analysis available (as of this writing) describing its possible state and local administrative impact.

There would likely be clarifications issued by the Board of Equalization to county assessors that detention facilities operated by for-profit entities no longer are eligible for the Property Tax Welfare Exemption. The Board of Equalization would likely examine existing Organizational Clearence Certificates issued by the BOE to determine whether detention facilities currently operated by for-profit entities no longer qualify.

Link to Bill Text. The following is a link to the text of SB 420:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB420

Link to Bill Analyses:

As SB 420 was amended on June 3, 2026, there are no analyses available (as of this writing).

Conclusion

SB 420 provides an opportunity for moral clarity and clarifies that the Welfare Exemption is extended only to charitable purposes.

[2] See: Board of Equalization Publication 149, *Property Tax Welfare Exemption,* Page 3, linked at: https://www.boe.ca.gov/proptaxes/pdf/pub149.pdf

Private for-profit detention facilities are not charities. They are organized to make money based on the incarceration of human beings and should not qualify for the same property tax exemption reserved for organizations that are operated exclusively for charitable purposes.

I respectfully request that the Board support SB 420.

Sincerely,

Sally J. Lieber, Chair

cc:

Mr. Matt Cox, Chief Deputy, Office of Vice-Chair Ted Gaines
Mr. Douglas Winslow, Chief Deputy, Office of Chair Sally J. Lieber
Mr. Juan Flores, Chief Deputy, Office of Member Antonio Vazquez
Mr. Cody Petterson, Chief Deputy, Office of Member Mike Schaefer
Mr. Hasib Emran, Deputy State Controller
Ms. Yvette M. Stowers, Executive Director