



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

**AB-1318 Public social services: tax-exempt nonprofit organizations.** (2025-2026)

SHARE THIS:  

Date Published: 10/08/2025 10:00 AM

**Assembly Bill No. 1318**

**CHAPTER 451**

An act to add Chapter 14.6 (commencing with Section 7230) to Division 7 of Title 1 of the Government Code, and to amend Sections 13275, 13304, 13306, 13401, and 13650 of the Welfare and Institutions Code, relating to tax-exempt organizations, and declaring the urgency thereof, to take effect immediately.

[ Approved by Governor October 07, 2025. Filed with Secretary of State October 07, 2025. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1318, Bonta. Public social services: tax-exempt nonprofit organizations.

The Corporation Tax Law, in modified conformity with federal tax law, provides an exemption from the taxes imposed by that law for specified organizations. Existing law references federal tax law to give priority to tax-exempt organizations, or to require tax-exempt status, for the purpose of certain grants and service contracts.

This bill would provide that where specified federal tax law is referenced to determine eligibility for any state grant or service contract, or for the disbursement of state or local funds, it is deemed to also refer to the relevant provision of the Corporation Tax Law.

Existing law designates the State Department of Social Services as the single agency with full power to supervise every phase of the administration of public social services, including services for refugees, immigrants, and asylees, except as specified.

Existing law requires the department to allocate federal funds for refugee social services programs to eligible counties and, in certain circumstances, to qualified nonprofit organizations. Existing law requires the department, subject to an appropriation, to provide grants to qualified nonprofit organizations through contracts to provide certain immigration-related legal services to persons residing in, or formerly residing in, the state. Existing law requires the department to administer a rapid response program to award grants or contracts to entities, including nonprofit organizations, that provide critical assistance to immigrants during times of need. Existing law, subject to an appropriation, establishes the Enhanced Services for Asylees and Vulnerable Noncitizens program to provide resettlement services for persons granted asylum by the United States Attorney General or the United States Secretary of Homeland Security or who are eligible to receive refugee cash assistance and services as victims of crime. Existing law requires a grant or contract awarded pursuant to that program to be executed only with a qualified nonprofit organization. Existing law defines "qualified nonprofit organization" or "nonprofit organization" for purposes of these provisions to include a nonprofit organization that, among other things, is exempt from federal income taxation, as specified.

This bill would revise the definition of "qualified nonprofit organization" or "nonprofit organization" under the above-described provisions to additionally include a nonprofit organization that meets specified requirements to qualify for state tax-exempt status.

This bill would declare that it is to take effect immediately as an urgency statute.

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Chapter 14.6 (commencing with Section 7230) is added to Division 7 of Title 1 of the Government Code, to read:

### **CHAPTER 14.6. Tax-Exempt Organizations**

**7230.** Notwithstanding any other law, and unless the context clearly requires otherwise, whenever any reference to Section 501(c)(3) of the Internal Revenue Code appears in any statute, regulation, or contract, or in any other code, with respect to determining eligibility for any state grant or service contract, or the disbursement of state or local funds, it shall also be deemed to refer to Section 23701d of the Revenue and Taxation Code.

**SEC. 2.** Section 13275 of the Welfare and Institutions Code is amended to read:

**13275.** For the purposes of this chapter, the following terms have the following meanings:

(a) "Eligible county" means a county or city and county designated as impacted using a formula developed by the department based upon the refugee arrivals in the county during the preceding 60-month period for which the department has data.

(b) "Qualified nonprofit organization" means a nonprofit organization that is either exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code or exempt from state income taxation under Section 23701d of the Revenue and Taxation Code and that satisfies any additional eligibility criteria established by the department.

(c) "Refugee social services" include, but are not limited to, English language and employment training, as funded through federal appropriations.

(d) "Service provider" means a qualified nonprofit organization or private for-profit organization selected by the department to administer refugee services.

**SEC. 3.** Section 13304 of the Welfare and Institutions Code is amended to read:

**13304.** (a) Any grant awarded pursuant to Section 13303 shall fulfill all of the following:

(1) Be executed only with a nonprofit organization that meets the requirements set forth either in Section 501(c)(3) or 501(c)(5) of the Internal Revenue Code or in Section 23701d of the Revenue and Taxation Code and that meets all of the following requirements:

(A) Except as provided in clause (i) of subparagraph (D), have at least three years of experience handling the type of immigration issues for which the organization is requesting a grant.

(B) Have conducted trainings on immigration issues for persons beyond its staff.

(C) Is recognized and accredited by the Office of Legal Access Programs under the United States Department of Justice's Executive Office for Immigration Review or meets the requirements to receive funding from the Trust Fund Program administered by the State Bar of California.

(D) (i) For a legal services organization that provides legal training and technical assistance as defined in subdivision (c) of Section 13303, have at least 10 years of experience conducting immigration legal services and technical assistance and meet the requirements to receive funding from the Trust Fund Program administered by the State Bar of California.

(ii) Notwithstanding clause (i), a legal services organization, as described in clause (i), may, at the discretion of the department, instead meet the requirements listed in subparagraphs (A) and (B).

(2) Require reporting, monitoring, or audits of services provided, as determined by the department.

(3) Require grant recipients to maintain adequate legal malpractice insurance and to indemnify and hold the state harmless from any claims that arise from the legal services provided pursuant to this chapter.

(b) For grants awarded prior to the effective date of the act that added this subdivision, with the consent of the department and the grantee, the grantee may provide any of the services described in Section 13303, as amended by that act, and any agreement between the department and grantee shall be deemed to authorize the provision of those services.

**SEC. 4.** Section 13306 of the Welfare and Institutions Code is amended to read:

**13306.** (a) Grants awarded pursuant to Section 13305 shall be provided only to nonprofit organizations that meet the requirements set forth either in Section 501(c)(3) or 501(c)(5) of the Internal Revenue Code or in Section 23701d of the Revenue and Taxation Code and have at least three years of experience with both of the following:

- (1) Conducting education and outreach with immigrant populations.
- (2) Conducting outreach for government benefits and programs.

(b) This section shall become operative on January 1, 2016.

**SEC. 5.** Section 13401 of the Welfare and Institutions Code is amended to read:

**13401.** (a) Grants or contracts awarded by the State Department of Social Services pursuant to this chapter shall comply with all of the following:

(1) May be executed with entities, including, but not limited to, nonprofit entities that meet the requirements set forth in either Section 501(c)(3) or 501(c)(5) of the Internal Revenue Code or in Section 23701d of the Revenue and Taxation Code. An entity may partner with another entity to meet the requirements of this paragraph.

(2) Shall require reporting, monitoring, or audits of assistance provided, as determined by the department.

(3) Shall be used to deliver the following critical assistance to immigrants, as determined necessary by the department:

(A) Medical screening and treatment needs identified by that screening.

(B) (i) Temporary shelter that meets minimum habitability standards, including access to a bathroom, shower, and safe sleeping space. The entity may provide this assistance through temporary direct housing support, rental of physical space or hotel rooms, or by operating a shelter.

(ii) For purposes of this paragraph, shelter operations include, but are not limited to, any of the following:

(I) Securing physical space and making any necessary modifications to that space as required by a fire marshal or other legal authority.

(II) Personnel to oversee the shelter, including security officers.

(III) Janitorial services.

(IV) Laundry services.

(V) Insurance.

(VI) Any other associated and necessary costs of operating a shelter.

(C) Food.

(D) Clothing and other essential supplies.

(E) Transportation.

(F) Communications, including telephone and internet access, and translation services.

(G) Outreach and case management to support the delivery of the services listed in this paragraph.

(4) An entity that is awarded a grant or contract to provide medical screening shall have at least three years of experience providing medical screenings or other equivalent health care related services.

(5) An entity that is awarded a grant or contract to provide assistance other than medical services shall have at least three years of experience providing the assistance for which the entity seeks funding or shall subcontract with another entity that has at least three years of experience providing those services.

(6) An entity that is awarded a grant or contract pursuant to paragraph (5) to provide medical screenings may subcontract with another entity that has at least three years of experience providing medical screenings or other equivalent health care related services.

(b) Not more than 40 percent of each grant or contract awarded to an entity shall be advanced to that entity.

(c) Funding pursuant to this chapter shall be coordinated with any other funds available to support immigrants with critical assistance, and shall supplement and not supplant those funds.

**SEC. 6.** Section 13650 of the Welfare and Institutions Code is amended to read:

**13650.** (a) The Legislature finds and declares all of the following:

(1) Vulnerable noncitizens, asylees, and refugees are important to the fabric of our society.

(2) Regardless of their legal distinctions, noncitizens face many of the same challenges integrating into the state and are often living in the same communities.

(3) Refugees, asylees, and other noncitizens are granted different services due to the legal distinction of when they were identified, with refugees often being identified in the country of origin and asylees in the country of arrival.

(4) Between 2017 and 2019, the number of applicants granted asylum increased from 26,199 applicants to 46,508 applicants, representing a 56-percent increase. In 2019 alone, California was the settlement state for 34 percent of all new asylees, which was the highest rate of all states.

(5) Research indicates that while individuals granted asylum in this state are given eligibility to a wide range of benefits, most asylees do not get these benefits due to the lack of case management services and assistance in navigating the social safety net and health care systems.

(6) The state-funded Trafficking and Crime Victim Assistance Program (TCVAP) provides critical benefits and services to noncitizen victims of human trafficking, domestic violence, and other serious crimes. TCVAP benefits and services mirror those that are available to refugees after initial resettlement. These vulnerable noncitizens would benefit from initial case management services.

(7) Studies show that with proper case management support, noncitizens are better able to secure the benefits for which they are eligible, and find employment and bring immense contributions to the economy.

(b) The Enhanced Services for Asylees and Vulnerable Noncitizens (ESAVN) is hereby established to provide resettlement services for persons who are currently residing in California and who are granted asylum by the United States Attorney General or the United States Secretary of Homeland Security pursuant to Section 1158 of Title 8 of the United States Code or who are eligible for assistance and services under Section 13283.

(c) For purposes of this chapter, a "vulnerable noncitizen" is defined as any individual who would be eligible for services under Section 13283.

(d) Grants or contracts awarded pursuant to this section shall be executed only with nonprofit organizations that meet the requirements set forth either in Section 501(c)(3) or 501(c)(5) of the Internal Revenue Code or in Section 23701d of the Revenue and Taxation Code and have at least three years of experience with both of the following:

(1) Providing case management services, as defined in subdivision (b) of Section 13651.

(2) Providing culturally and linguistically appropriate services.

(e) The department shall require qualified nonprofit organizations awarded contracts or grants pursuant to this section to report, monitor, or audit the services provided, as determined by the department.

(f) Funds allocated for these services may also be used to conduct a formal evaluation of the services provided by a qualified entity, as determined by the department.

**SEC. 7.** The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

**SEC. 8.** This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

Given the escalating threats from the federal government to nonprofit organizations serving vulnerable communities, it is necessary for this act to take effect immediately.