



STEPHANIE NGUYEN

Assemblymember, District 10



FACT SHEET

AB 1606 - Business Clean Up Relief Act of 2026

SUMMARY

AB 1606 creates a temporary state tax credit for businesses and commercial property owners to offset the cost of cleaning up unauthorized encampments, illegal dumping, and abandoned property.

For taxable years 2027–2031, eligible taxpayers may claim a credit equal to 100% of qualified cleanup expenses, capped at \$20,000 per year.

While these costs are currently deductible, the repeated and urgent nature of cleanup imposes ongoing financial strain that deductions alone do not address.

BACKGROUND

Following the U.S. Supreme Court's decision in *City of Grants Pass v. Johnson* (2024), enforcement of no-camping ordinances on public property has increased, displacing individuals onto private commercial property.

As a result, businesses across California have experienced a rise in unauthorized encampments and illegal dumping, forcing property owners to absorb cleanup and restoration costs. Small businesses, in particular, often lack the resources to repeatedly address these conditions, contributing to blight and reduced economic activity.

SOLUTION

AB 1606 provides a five-year tax credit for qualified cleanup expenses paid or incurred within 60 days of discovery, including waste removal, sanitation, property restoration, temporary security measures, repairs from encampment damage, and passive deterrents.

The credit excludes permanent improvements, ongoing maintenance, and employee labor costs. By providing targeted relief, AB 1606 helps businesses maintain safe, accessible commercial properties and encourages timely cleanup.

SUPPORT

California Business Properties Association (Sponsor)

CONTACT

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