

**Introduced by Senator Gonzalez**  
(Coauthor: Assembly Member Lowenthal)

February 3, 2025

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An act relating to international trade, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 263, as introduced, Gonzalez. International trade: tariffs: impact study.

Existing law requires the Transportation Agency to prepare a state freight plan that provides a comprehensive plan to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight, as provided. Existing law requires the agency to establish a freight advisory committee to, among other things, participate in the development of the state freight plan.

This bill would require the agency, in consultation with the Department of Finance and the Governor's Office of Business and Economic Development, to conduct a study on the impacts that potential future increases in tariffs and reciprocal tariffs on international trade of imports and exports might have on, among other things, California's economic output, as specified. The bill would require the agency to convene the freight advisory committee to discuss the scope of the study upon initiating the study. On or before January 1, 2026, the bill would require the Transportation Agency to submit the study to the Legislature, as specified. The bill would appropriate \$500,000 from the General Fund to the agency, department, and office, as specified, for purposes of conducting the study.

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

Vote: 2/3. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:  
3 (a) This act is necessary to provide additional funding to the  
4 Transportation Agency, the Department of Finance, and the  
5 Governor’s Office of Business and Economic Development to  
6 investigate and identify the impacts of potential actions taken to  
7 increase federal tariffs on international trade, which is a major  
8 component of the California economy, and which is conducted at  
9 all 11 of California’s publicly owned seaports, each of California’s  
10 airports that maintain cargo operations, and occurs at California’s  
11 land ports of entry with Mexico.  
12 (b) California’s public seaports exist on granted state tidelands  
13 held in trust for the people of the state and managed for the benefit  
14 of all of the people of California as a statewide interest, and the  
15 seaports exist on property managed by a local government or a  
16 local port or harbor district as a dedicated use of publicly owned  
17 and operated property.  
18 (c) California’s public seaports are enterprise agencies that rely  
19 on revenues from cargo volumes and long-term lease revenues to  
20 underwrite revenue bonds that finance the infrastructure necessary  
21 to facilitate the state’s and the nation’s commerce and trade. These  
22 infrastructure investments also include improvements to real  
23 property, which are necessary to improve the environment. Many  
24 of these improvements are necessary in order to execute and  
25 administer the policies, statutes, ordinances, rules, and regulations  
26 of the state, which is also the grantor and trustor public owner of  
27 the property.  
28 (d) Investments in public seaport property generate substantial  
29 property taxes.  
30 (e) Higher tax burdens, in the form of higher tariffs or other  
31 barriers to trade, on the cargo destined for California and on the  
32 cargo-owner customers of the tenants at public seaports, cargo  
33 airports, and California’s land ports of entry are likely to create  
34 substantial direct and indirect increases in the costs of living for  
35 California citizens, costs of doing business for California

1 companies, and costs on cargo movements, upon which  
2 improvement of the state’s infrastructure, for purposes of  
3 improving transportation and environmental outcomes, relies.

4 (f) The imposition of higher federal tariffs or higher taxes on  
5 the seaborne commerce at California’s public ports may increase  
6 costs on discretionary intermodal cargo, which may lead to its  
7 diversion to another maritime gateway. This diversion of  
8 intermodal cargo may, in turn, both increase emissions of  
9 greenhouse gases and reduce seaport revenues. These revenues  
10 are necessary to fund and finance public seaports’ infrastructure  
11 improvements, which better public transportation assets and  
12 improve California’s environmental quality.

13 (g) It is imperative that state government has the ability,  
14 capacity, and capability to properly assess the impacts that potential  
15 increases in the costs of international trade will have on California  
16 families, economic development, jobs, affordability, business costs,  
17 workers, and the financing and funding of infrastructure  
18 development and environmental improvements that rely on trade  
19 volumes.

20 (h) As California residents are facing higher costs of living and  
21 rising prices for consumer goods, state policy makers must know  
22 whether the imposition of higher federal tariffs may result in  
23 increased prices for consumer goods and necessities, putting  
24 additional financial burdens on Californians.

25 (i) The imposition of higher federal tariffs may increase the  
26 costs of doing business for California companies, which may result  
27 in decreased employment opportunities for Californians and a  
28 decrease in California’s economic output.

29 SEC. 2. (a) The Transportation Agency, in consultation with  
30 the Department of Finance and the Governor’s Office of Business  
31 and Economic Development, shall conduct a study on the impacts  
32 that potential future increases in tariffs and reciprocal tariffs on  
33 international trade of imports and exports, generally, and on trade  
34 specifically occurring at California’s public seaports, cargo airports,  
35 and land ports of entry, specifically, might have on all of the  
36 following:

- 37 (1) California’s economic output.
- 38 (2) Employment of Californians, both direct and indirect.
- 39 (3) Affordability of goods for California consumers.
- 40 (4) State and local tax revenues.

1 (5) Costs and availability of financing and funding of  
2 infrastructure projects at California seaports, airports, and land  
3 ports of entry.

4 (6) Revenues and the costs and availability of funding, financing,  
5 and underwriting of nonrevenue-based expenses at California  
6 seaports, airports, and land ports of entry, including environmental  
7 improvements.

8 (7) Specific sector-related impacts, including on manufacturing  
9 and agriculture, from both tariffs imposed by the United States on  
10 imports and reciprocal tariffs imposed by foreign countries on  
11 exports from California.

12 (b) Upon initiating the study, the Transportation Agency shall,  
13 within one calendar quarter, convene the California Freight  
14 Advisory Committee to discuss the scope of the study. For purposes  
15 of this subdivision, “California Freight Advisory Committee”  
16 means the freight advisory committee established by Section  
17 13978.8 of the Government Code.

18 (c) The study shall identify the bases for the assessment of the  
19 potential tariffs and other nontariff-based barriers to trade upon  
20 which the model for the assessments are based, so that assessments  
21 with other levels of tariffs or other nontariff-based barriers to trade  
22 that are imposed on California’s economy and economic factors  
23 may be replicated.

24 (d) (1) On or before January 1, 2026, the Transportation Agency  
25 shall submit the study to the Legislature.

26 (2) The study to be submitted pursuant to this subdivision shall  
27 be submitted in compliance with Section 9795 of the Government  
28 Code.

29 (3) Pursuant to Section 10231.5 of the Government Code, this  
30 section is repealed on January 1, 2030.

31 SEC. 3. The sum of five hundred thousand dollars (\$500,000)  
32 is hereby appropriated from the General Fund for purposes of  
33 carrying out the study described in Section 2 of this act, to be  
34 allocated in accordance with the following schedule:

35 (a) Three hundred thousand dollars (\$300,000) to the  
36 Transportation Agency.

37 (b) One hundred fifty thousand dollars (\$150,000) to the  
38 Department of Finance.

39 (c) Fifty thousand dollars (\$50,000) to the Governor’s Office  
40 of Business and Economic Development.

1 SEC. 4. This act is an urgency statute necessary for the  
2 immediate preservation of the public peace, health, or safety within  
3 the meaning of Article IV of the California Constitution and shall  
4 go into immediate effect. The facts constituting the necessity are:  
5 To fund and implement measures to address the immediate and  
6 ongoing threats to the public safety, health, and welfare of the  
7 people and environment of the State of California from climate  
8 change, it is necessary for this act to take effect immediately.

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