

AMENDED IN ASSEMBLY SEPTEMBER 4, 2025

AMENDED IN ASSEMBLY SEPTEMBER 2, 2025

AMENDED IN SENATE MAY 23, 2025

AMENDED IN SENATE MARCH 13, 2025

SENATE BILL

No. 263

Introduced by Senator Gonzalez

(Coauthor: Senator Weber Pierson)

(Coauthors: Assembly Members Lowenthal, Caloza, Jackson, Rogers,
and Solache)

February 3, 2025

An act to add and repeal Section 12096.3.9 of the Government Code, relating to international trade, and declaring the urgency thereof, to take effect immediately: trade.

LEGISLATIVE COUNSEL'S DIGEST

SB 263, as amended, 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 establishes the Governor's Office of Business and Economic Development ("GO-Biz") to, among other duties, serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. Existing law requires the agency Transportation 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, GO-Biz, in consultation with the Department of Finance and the Governor's Office of Business and Economic Development, Transportation Agency, to conduct a study on the impacts that potential future increases in tariffs and reciprocal tariffs have on the state's international trade of imports and exports might have on, among other things, California's economic output, exports, as specified. The bill would also require GO-Biz to provide resources to support the international trade activities of California small businesses.~~ The bill would require the agency to convene the freight advisory committee to discuss the scope of the study upon GO-Biz initiating the study. On or before January 1, ~~2026, 2029~~, the bill would require ~~the Transportation Agency GO-Biz, to submit the study to the Legislature, as specified.~~

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

Vote: $\frac{2}{3}$ -majority. Appropriation: no. 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)~~
- 13 ~~(a) California's public seaports exist on granted state tidelands~~
- 14 ~~held in trust for the people of the state and managed for the benefit~~
- 15 ~~of all of the people of California as a statewide interest, and the~~
- 16 ~~seaports exist on property managed by a local government or a~~
- 17 ~~local port or harbor district as a dedicated use of publicly owned~~
- 18 ~~and operated property.~~

~~(e)~~

(b) California's public seaports are enterprise agencies that rely on revenues from cargo volumes and long-term lease revenues to underwrite revenue bonds that finance the infrastructure necessary to facilitate the state's and the nation's commerce and trade. These infrastructure investments also include improvements to real property, which are necessary to improve the environment. Many of these improvements are necessary in order to execute and administer the policies, statutes, ordinances, rules, and regulations of the state, which is also the grantor and trustor public owner of the property.

~~(d)~~

(c) Investments in public seaport property generate substantial property taxes.

~~(e)~~

(d) Higher tax burdens, in the form of higher tariffs or other barriers to trade, including, but not limited to, quotas on specific imports and unreasonable or undefined limits on customs reviews of products, on the cargo destined for California and on the cargo-owner customers of the tenants at public seaports, cargo airports, and California's land ports of entry are likely to create substantial direct and indirect increases in the costs of living for Californians, costs of doing business for California companies, and costs on cargo movements, upon which improvement of the state's infrastructure, for purposes of improving transportation and environmental outcomes, relies.

~~(f)~~

(e) The imposition of higher federal tariffs or higher taxes on the seaborne commerce at California's public ports may increase costs to cargo owners and lead to shifting trade routes, which may lead to loss of cargo at California ports and diversion to other gateways. This diversion of intermodal cargo may, in turn, both increase emissions of greenhouse gases and reduce seaport revenues. These revenues are necessary to fund and finance public seaports' infrastructure improvements, which better public transportation assets and improve California's environmental quality.

~~(g)~~

(f) It is imperative that state government has the ability, capacity, and capability to properly assess the impacts that potential increases

1 in the costs of international trade will have on California families,
2 economic development, jobs, affordability, business costs, workers,
3 and the financing and funding of infrastructure development and
4 environmental improvements that rely on trade volumes.

5 (h)

6 (g) As California residents are facing higher costs of living and
7 rising prices for consumer goods, state policy makers must know
8 whether the imposition of higher federal tariffs may result in
9 increased prices for consumer goods and necessities, putting
10 additional financial burdens on Californians.

11 (i)

12 (h) The imposition of higher federal tariffs may increase the
13 costs of doing business for California companies, which may result
14 in decreased employment opportunities for Californians and a
15 decrease in California's economic output.

16 ~~SEC. 2. (a) The Transportation Agency, in consultation with~~
17 ~~the Department of Finance and the Governor's Office of Business~~
18 ~~and Economic Development, shall conduct a study on the impacts~~
19 ~~that potential future increases in tariffs and reciprocal tariffs on~~
20 ~~international trade of imports and exports, generally, and on trade~~
21 ~~specifically occurring at California's public seaports, cargo airports,~~
22 ~~and land ports of entry, specifically, might have on all of the~~
23 ~~following:~~

24 ~~(1) California's economic output.~~

25 ~~(2) Employment of Californians, both direct and indirect.~~

26 ~~(3) Affordability of goods for California consumers.~~

27 ~~(4) State and local tax revenues.~~

28 ~~(5) Revenues at California airports, land ports of entry, and~~
29 ~~seaports, and the costs and availability of funding, financing, and~~
30 ~~underwriting of nonrevenue-based expenses, including~~
31 ~~environmental improvements, at these locations.~~

32 ~~(6) Specific sector-related impacts, including on manufacturing~~
33 ~~and agriculture, from both tariffs imposed by the United States on~~
34 ~~imports and reciprocal tariffs imposed by foreign countries on~~
35 ~~exports from California.~~

36 ~~(b) Upon initiating the study, the Transportation Agency shall,~~
37 ~~within one calendar quarter, convene the California Freight~~
38 ~~Advisory Committee to discuss the scope of the study. For purposes~~
39 ~~of this subdivision, "California Freight Advisory Committee"~~

1 means the freight advisory committee established by Section
2 13978.8 of the Government Code.

3 (e) The study shall provide both of the following:

4 (1) The model and bases for the assessment of the potential
5 tariffs and other nontariff-based barriers to trade.

6 (2) The ability to assess the impacts of other levels of tariffs
7 and other nontariff-based barriers to trade that are imposed on
8 California.

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

11 (2) The study to be submitted pursuant to this subdivision shall
12 be submitted in compliance with Section 9795 of the Government
13 Code.

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

16 SEC. 3. This act is an urgency statute necessary for the
17 immediate preservation of the public peace, health, or safety within
18 the meaning of Article IV of the California Constitution and shall
19 go into immediate effect. The facts constituting the necessity are:

20 To rapidly implement data-driven actions and measures to
21 address the immediate and ongoing threats to California's
22 economy, employment, affordability, and other factors critical to
23 the people and the economy of the State of California, it is
24 necessary for this act to take effect immediately.

25 SEC. 2. Section 12096.3.9 is added to the Government Code,
26 to read:

27 12096.3.9. (a) The office, in consultation with the Department
28 of Finance and the Transportation Agency, shall conduct a study
29 on the impacts that increases in tariffs and reciprocal tariffs have
30 on the state's international trade of imports and exports, generally,
31 and provide resources to support the international trade activities
32 of California small businesses. The study may consider the impact
33 that increases in tariffs and reciprocal tariffs have on all of the
34 following:

35 (1) California's economic output.

36 (2) Employment of Californians, both direct and indirect.

37 (3) Affordability of goods for California consumers.

38 (4) State and local tax revenues.

39 (5) Revenues at California airports, land ports of entry, and
40 seaports, and the costs and availability of funding, financing, and

1 *underwriting of nonrevenue-based expenses, including*
2 *environmental improvements, at these locations.*

3 *(6) Specific sector-related impacts, including on manufacturing*
4 *and agriculture, from both tariffs imposed by the United States on*
5 *imports and reciprocal tariffs imposed by foreign countries on*
6 *exports from California.*

7 *(b) Upon the office initiating the study, the Transportation*
8 *Agency shall, within one calendar quarter, convene the California*
9 *Freight Advisory Committee to discuss the scope of the study. For*
10 *purposes of this subdivision, “California Freight Advisory*
11 *Committee” means the freight advisory committee established by*
12 *Section 13978.8.*

13 *(c) The study shall describe the analysis and its related*
14 *methodologies.*

15 *(d) (1) On or before January 1, 2029, the office shall submit*
16 *the study and related materials to the Legislature.*

17 *(2) The study to be submitted pursuant to this subdivision shall*
18 *be submitted in compliance with Section 9795.*

19 *(3) Pursuant to Section 10231.5, this section is repealed on*
20 *January 1, 2031.*