

Senate Bill No. 263

Passed the Senate September 10, 2025

Secretary of the Senate

Passed the Assembly September 9, 2025

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2025, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add and repeal Section 12096.3.9 of the Government Code, relating to international trade.

LEGISLATIVE COUNSEL'S DIGEST

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

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 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 GO-Biz, in consultation with the Department of Finance and the Transportation Agency, to conduct a study on the impacts that increases in tariffs and reciprocal tariffs have on the state's international trade of imports and 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, 2029, the bill would require GO-Biz, to submit the study to the Legislature, as specified.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) California's public seaports exist on granted state tidelands held in trust for the people of the state and managed for the benefit of all of the people of California as a statewide interest, and the seaports exist on property managed by a local government or a local port or harbor district as a dedicated use of publicly owned and operated property.

(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.

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

(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.

(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.

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

(g) As California residents are facing higher costs of living and rising prices for consumer goods, state policy makers must know whether the imposition of higher federal tariffs may result in

increased prices for consumer goods and necessities, putting additional financial burdens on Californians.

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

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

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

- (1) California's economic output.
- (2) Employment of Californians, both direct and indirect.
- (3) Affordability of goods for California consumers.
- (4) State and local tax revenues.
- (5) Revenues at California airports, land ports of entry, and seaports, and the costs and availability of funding, financing, and underwriting of nonrevenue-based expenses, including environmental improvements, at these locations.
- (6) Specific sector-related impacts, including on manufacturing and agriculture, from both tariffs imposed by the United States on imports and reciprocal tariffs imposed by foreign countries on exports from California.

(b) Upon the office initiating the study, the Transportation Agency shall, within one calendar quarter, convene the California Freight Advisory Committee to discuss the scope of the study. For purposes of this subdivision, "California Freight Advisory Committee" means the freight advisory committee established by Section 13978.8.

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

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

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

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

Approved _____, 2025

Governor