

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 263 (Gonzalez) – As Amended May 23, 2025

Policy Committee:	Transportation	Vote:	14 - 0
	Economic Development, Growth, and		7 - 0
	Household Impact		

Urgency: Yes State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill directs the California State Transportation Agency (CalSTA), in consultation with the Department of Finance (DOF) and the Governor’s Office of Business and Economic Development (GoBiz), to conduct a study on the possible effects of potential future increases in tariffs and reciprocal tariffs on international trade of imports and exports, generally, and on trade occurring at California’s public seaports, cargo airports, and land ports of entry, specifically. The bill also appropriates \$500,000 from the General Fund (GF) for this purpose, as follows:

- 1) \$300,000 to CalSTA.
- 2) \$150,000 to DOF.
- 3) \$50,000 to GoBiz.

FISCAL EFFECT:

- 1) One-time \$500,000 appropriation from the GF—\$300,000 to CalSTA, \$150,000 to DOF and \$50,000 to GoBiz.
- 2) Possible GF cost pressure of an unknown amount in the tens of thousands to hundreds of thousands of dollars to the extent the \$500,000 appropriation is not enough to cover the costs of the study.

COMMENTS:

California has some of the busiest land, air and sea ports in the world, through which massive volumes of goods pass annually. Many observers assume imposition of tariffs on foreign-made products will diminish the movement of goods coming through California’s ports, with resulting economic harm to the state.

The author describes this bill as a response to actions by the Trump administration regarding tariffs—some proposed, others imposed—characterizing those actions as “already having serious impacts on California’s economic output, the affordability of consumer goods, employment, tax revenues, and revenues at California’s sea ports, cargo airports, and land ports of entry.”

According to the author, SB 263 “will direct specified state agencies to conduct a study on the

impacts of tariffs, which will inform policy decisions that promote California's trade competitiveness, address affordability concerns, protect California jobs."

Both CalSTA and GoBiz undertake planning related to the movement of goods in California and trade more generally, and DOF conducts economic forecasting that informs development of the annual state budget. More specifically, existing law requires CalSTA, every five years, 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." Similarly, existing law requires GoBiz, at least every five years, to provide to the Legislature a strategy for international trade and investment that includes, among other things, policy goals, objectives and recommendations necessary to implement a comprehensive international trade and investment program. And DOF's Economic Research Unit regularly produces forecasts of the national and state economies and of the consumer price index.

It seems reasonable, therefore, to assume these three state agencies are adequately prepared to undertake the study required by this bill, or to oversee contracts with third-party experts to do so on the state's behalf. It is unclear, however, whether the amounts this bill appropriates for the study are adequate to achieve the bill's goals, or whether the Legislature would appropriate these funds for this purpose in the context of the state's other priorities and its always-limited budget resources.

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