
VETO

Bill No: SB 263
Author: Gonzalez (D), et al.
Enrolled: 9/12/25
Vote: 27

SENATE TRANSPORTATION COMMITTEE: 14-0, 3/25/25
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Cervantes,
Gonzalez, Grayson, Limón, Menjivar, Richardson, Seyarto, Umberg, Valladares
NO VOTE RECORDED: Dahle

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 11-0, 4/28/25
AYES: Ashby, Choi, Archuleta, Arreguín, Grayson, Menjivar, Niello,
Smallwood-Cuevas, Strickland, Umberg, Weber Pierson

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Dahle

SENATE FLOOR: 35-1, 5/28/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon,
Caballero, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Jones,
Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez,
Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg,
Valladares, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil
NO VOTE RECORDED: Cervantes, Grove, Limón, Reyes

SENATE FLOOR: 40-0, 9/10/25
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear,
Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez,
Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar,
Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto,
Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber
Pierson, Wiener

ASSEMBLY FLOOR: 69-5, 9/9/25 - See last page for vote

SUBJECT: International trade: tariffs: impact study

SOURCE: Author

DIGEST: This bill requires the Governor's Office of Business and Economic Development (GOBiz) in consultation with the California State Transportation Agency (CalSTA) and the Department of Finance (DOF), 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.

ANALYSIS:

Existing law:

- 1) Establishes GOBiz to, amongst other duties, serve as the lead agency for the state's economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth, as specified.
- 2) Requires CalSTA to prepare a state freight plan that directs the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight, as provided.
- 3) Requires CalSTA to establish a freight advisory committee to, among other responsibilities, participate in the development of the state freight plan.

This bill:

- 1) Requires GOBiz, in consultation with the DOF and CalSTA, to conduct a study on the impacts that potential future increases in tariffs and reciprocal tariffs on international trade of imports and exports, generally, and on trade specifically occurring at California's public seaports, cargo airports, and land ports of entry, might have on the following:
 - a) California's economic output;
 - b) Employment of Californians, both direct and indirect;
 - c) Affordability of goods for California consumers;

- d) State and local tax revenues;
 - e) 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; and,
 - f) 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.
- 2) Requires CalSTA to convene the California Freight Advisory Committee to discuss the scope of the study within one calendar quarter of initiating the study.
- 3) Requires GOBiz to submit the study to the Legislature on or before January 1, 2029.

Comments

- 1) *Purpose of this bill.* According to the author, “In January 2025, President Trump announced his intention to impose tariffs of 25% on goods from Canada and Mexico, raise tariffs on China, and consider imposing tariffs on other goods and nations. China, Canada, and Mexico are California’s three largest trade partners, and international trade accounts for a significant portion of California’s economy – it supports millions of jobs, is critical to California’s key industries, and produces billions of dollars in tax revenue. The proposed tariffs, some of which have already gone into effect, could have serious impacts on California’s economic output, the affordability of consumer goods, employment, tax revenues, and financing for infrastructure and environmental improvements at California’s sea ports, cargo airports, and land ports of entry. SB 263 will direct specified state agencies to conduct a study, which will inform policy decisions that promote California’s trade competitiveness, address affordability concerns, protect California jobs, and continue funding critical clean energy infrastructure projects to reduce emissions related to the goods movement industry.”
- 2) *Seaports in California.* California has 12 seaports (11 public, 1 private), through which large volumes of goods are both imported and exported internationally. The 12 seaports vary in size, operations, and finances. For example, California contains the nation’s two largest seaports, the Port of

Los Angeles (POLA) and the Port of Long Beach (POLB)—both operated by public entities—as well as a smaller ports, such as the Port of Benicia (private).

With respects to international commerce and volume, according to a 2022 report by the Legislative Analyst Office (LAO), “ports are facilities where goods are loaded and unloaded from ships, as well as where goods are processed and prepared for further distribution to retailers and consumers.” LAO further notes, ports handle a significant portion of international commerce. For example, waterborne vessels were the leading transportation mode for international freight in 2020, moving 40 percent of U.S. international freight value (worth more than \$1.5 trillion) and 70 percent of freight by weight (almost 1.5 trillion tons).

- 3) *Economic Impacts.* While significant fluctuation with the Trump Administration’s tariffs currently exists, tariffs are widely viewed to have negative economic impacts, such as increasing the costs of certain goods, causing economic slowdowns, and potentially raising unemployment. Considering the number of California ports and the volume of goods processed / transported annually, the rapid implementation of federal tariffs and reciprocal tariffs on imports and exports will have an impact on California’s economy. However, it is currently unclear on what the comprehensive economic impacts of the fluctuating tariffs will be for the state. This bill directs GOBiz, in consultation with other relevant state departments, to conduct a study on the state’s economic and labor impacts associated with the implementation of increased federal tariffs.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee:

- 1) Cost pressure of a significant amount, likely in the high hundreds of thousands of dollars to low millions of dollars, one time, to fund the study (General Fund and special funds).

SUPPORT: (Verified 10/16/25)

Associated General Contractors of California
 Associated General Contractors-San Diego Chapter
 California Association of Port Authorities
 California Building Industry Association
 California Chamber of Commerce

California Grocers Association
California Retailers Association
California Trucking Association
California Yimby
City of Long Beach
Consumer Watchdog
Consumers for Auto Reliability & Safety
Harbor Association of Industry and Commerce
Inland Empire Economic Partnership
International Longshore and Warehouse Union, Local 13
Long Beach Area Chamber of Commerce
Los Angeles Area Chamber of Commerce
Los Angeles County Business Federation
Pacific Maritime Association
Pacific Merchant Shipping Association
Port of Long Beach
Port of Oakland
San Francisco Bar Pilots
Supply Chain Federation
Western Growers Association

OPPOSITION: (Verified 10/16/25)

None received

GOVERNOR'S VETO MESSAGE:

This bill requires the Governor's Office of Business and Economic Development (GOBiz), in consultation with the California State Transportation Agency (CalSTA) and the Department of Finance, to conduct a study on how increases in tariffs and reciprocal tariffs affect the state's international trade of imports and exports.

The chaos brought by the Trump administration's trade policy is undisputed. California is pushing back through all avenues available, including challenging the legality of these actions in court. In addition to taking legal action, my Administration is actively assessing and responding to the impact of tariffs through various initiatives. GO-Biz's International Affairs and Trade Unit has produced a "Tariff Resource Guide" for businesses, and CalSTA's Freight Policy Team has developed a supply chain dashboard as they continuously coordinate with stakeholders from the logistics and supply

chain community. We are also investing in improving and modernizing our own systems, including \$27 million in Go-Biz's Containerized Ports Interoperability Program and CalSTA's \$1.5 billion investment to build a more efficient, sustainable, and resilient supply chain across the state.

While I appreciate the author's intent to study the impacts of tariffs, this bill is duplicative of ongoing work; another study is not needed to understand the economic chaos created by the Trump administration.

For this reason, I cannot sign this bill.

ASSEMBLY FLOOR: 69-5, 9/9/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, Dixon, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio, Ellis, Macedo, Patterson, Tangipa

NO VOTE RECORDED: Chen, Flora, Gallagher, Hadwick, Johnson, Sanchez

Prepared by: Manny Leon / TRANS. / (916) 651-4121
10/17/25 9:49:36

**** END ****