



FROM THE OFFICE OF SENATE MAJORITY LEADER

**LENA A. GONZALEZ**

SENATOR 33<sup>RD</sup> SENATE DISTRICT

## **SB 263 (Gonzalez) The PRICE Act: Impacts of Tariffs on California's Economy**

### **SUMMARY**

---

Senate Bill (SB) 263, known as the **Protecting Residents, Industries, and California's Economy (PRICE) Act**, will direct the California Transportation Agency (CalSTA), in coordination with the Department of Finance (DOF) and the Governor's Office of Business and Economic Development (GO-Biz), to conduct a timely study on the impacts of federal tariffs enacted in 2025 and any reciprocal tariffs imposed on the United States by other nations.

### **EXISTING LAW**

---

Existing law (Cal. Harbors and Navigation Code § 1690) establishes that the state has a compelling interest in the success of its ports and harbors because they provide a significant economic benefit to the state through the creation of jobs, personal income, business revenue, and taxes.

Assembly Bill (AB) 1561 (Quirk-Silva, Chapter 663, Statutes of 2018) requires GO-Biz to develop and provide to the Legislature a strategy for international trade and investment every five years.

SB 671 (Gonzalez, Chapter 769, Statutes of 2021) requires CalSTA to prepare a state freight plan, which includes 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.

### **BACKGROUND/PROBLEM**

---

International trade accounts for a significant portion of California's economy. Roughly 40% of containerized imports entering the United States and 30% of U.S. exports are shipped through California ports<sup>1</sup>. This trade generates an estimated \$38.1 billion in tax revenue and 3.1 million jobs<sup>2</sup>. In fact, the Ports of Los Angeles and Long Beach are the busiest port complex not only in California, but in the United States. This regional trade cluster produces billions of dollars in state and local tax revenue and has helped lead to an uptick in middle class households in the region following decades of decline<sup>3</sup>.

A 2019 study showed that the tariffs enacted by the previous Trump Administration in 2018 threatened nearly 1.5 million U.S. jobs and more than \$186 billion of economic activity nationwide. Additionally, the tariffs increased prices for everyday consumers, and raised production costs, while shrinking exports for American companies<sup>4</sup>. Following the implementation of the 2019 tariffs, the Port of Los Angeles saw a 19.1% drop in cargo volume from October 2018 to October 2019<sup>5</sup>.

In January 2025, President Trump indicated he would pursue imposing a 25% tariff on goods from Canada and Mexico, along with additional tariffs on goods from China and possibly the European Union<sup>6</sup>. This follows his

---

<sup>1</sup> <https://lao.ca.gov/Publications/Report/4618>

<sup>2</sup> <https://californiaports.org/portsdays23/>

<sup>3</sup> <https://centerforjobs.org/ca/special-reports/economic-importance-of-trade-and-the-ports-to-southern-california-phase-i-report-baseline-economic-and-fiscal-impacts>

<sup>4</sup> <https://www.portoflosangeles.org/tariffshurt>

<sup>5</sup> <https://www.portoflosangeles.org/tariffshurt>

<sup>6</sup> <https://www.reuters.com/world/trump-says-he-is-discussing-10-tariff-china-feb-1-2025-01-21/>

campaign promises to impose a 60% tariff on goods from China along with duties on imports from other nations.

China, Canada, and Mexico are California's three main trading partners, and these proposed tariffs are far more sweeping and significant than those adopted under his previous Administration. The impacts on California's trade and economy have the potential to be much greater than in 2019, and could have ripple effects on employment, affordability, tax revenues, financing for infrastructure and environmental improvements, and more. Everything from the cost of groceries to the cost of imported goods and goods manufactured in the U.S. using component parts from other nations could increase due to the proposed tariffs. As Californians face a cost of living crisis, tariffs have the potential to exacerbate affordability issues and worsen the financial burden on California families.

Currently, we don't have comprehensive statewide data on the effects of these tariffs on California's economy. Without information from stakeholders and data-driven insights into how tariffs will impact California consumers, businesses, and industries, policymakers can't effectively design policies that will mitigate harm, bring down the cost of living, and support California workers, families, and businesses.

## **SOLUTION**

---

SB 263 will direct CalSTA, in coordination with the DOF and the GO-Biz, to conduct a study on the impacts of tariffs enacted by the Trump administration and potential reciprocal tariffs enacted by other nations.

The study will focus on the impact of these tariffs on:

- ✓ Trade at California's public sea ports, cargo airports, and land ports of entry;
- ✓ The affordability of consumer goods for California families;
- ✓ California's economic output;
- ✓ State and local tax revenues;
- ✓ Costs and availability of financing and funding of infrastructure projects at California sea ports, airports, and land ports of entry; and,
- ✓ Revenues, and impacts on costs and availability of funding, financing, and underwriting of expenses at California seaports, airports, and land ports of entry, including critical environmental improvements.

CalSTA will submit a report to the legislature, 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.

## **SUPPORT**

---

Pacific Merchant Shipping Association

## **CONTACT**

---

Kristen Millstein  
(916) 651-4033  
[Kristen.Millstein@sen.ca.gov](mailto:Kristen.Millstein@sen.ca.gov)