

March 19, 2025



Honorable Dave Cortese
Chair, Senate Transportation Committee
State Capitol, Room 405
Sacramento, CA 95814

RE: SB 263 (Gonzalez) – International trade: tariffs: impact study – SUPPORT

Dear Chair Cortese:

The California Retailers Association is proud to support SB 263, the PRICE Act, which will direct the California State 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 study on the impacts of federal tariffs enacted in 2025 and any reciprocal tariffs imposed on the United States by other nations.

The California Retailers Association is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, fast food restaurants, convenience stores, supermarkets and grocery stores, chain drug, and specialty retail such as auto, vision, jewelry, hardware and home stores. CRA works on behalf of California's retail industry, which currently operates over 164,200 stores with sales in excess of \$571 billion annually and employing 2,776,000 people—nearly one fifth of California's total employment. Given the size of the retail industry, tariffs would have a clear detrimental impact on the California economy and consumers.

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, and this trade generates an estimated \$38.1 billion in tax revenue and 3.1 million jobs.

Since taking office, President Trump has imposed 25% tariffs on goods from Canada and Mexico and raised tariffs on China, in addition to announcing additional tariffs on goods ranging from automobiles to agricultural products. These tariffs have already resulted in reciprocal tariffs imposed by other nations, and may cause increased costs for consumer goods and businesses, and ripple effects across California's economy. As Californians face a cost of living crisis, tariffs could exacerbate affordability issues and worsen the financial burden on California families.

Currently, policymakers don't have timely, comprehensive statewide data on the effects of these tariffs on California's economy. SB 263 will address this shortcoming by providing policymakers and stakeholders with information on how tariffs will impact trade and trade revenues in California, the affordability of consumer goods, economic output, state and local tax revenues, availability of funding for infrastructure and environmental improvements at ports, and key sectors like manufacturing and agriculture. The study 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.

As the discussions and policies regarding international trade change at the federal level, SB 263 will help policymakers make data-driven decisions that support California workers, families, and businesses. For these reasons, the California Retailers Association supports SB 263.

Sincerely,

Ryan Allain
Director, Government Affairs
California Retailers Association