

Special Report: A Closer Look At AB 98 And Warehouse Regulations on Jobs and the Economy

CALIFORNIA CENTER FOR
JOBS & THE ECONOMY



Special Report

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The Center for Jobs and the Economy tracks closely California's Trade sector and its importance in creating well-paying, resilient jobs for millions of residents. California's Trade sector is a national economic powerhouse, with more than 1 in 51 jobs nationwide

supported by the sector. To further quantify the impacts of this sector, the Center released a detailed economic study, [“Special Report: Economic Importance of Trade & the Ports to Southern California,”](#) which quantified the importance of this sector.

Using that report as a foundation, the Center has completed a brief analysis of language likely to be amended into Assembly Bill 98, which would add further regulations and restrictions to the state’s warehousing sector. This analysis includes the number of Trade and Warehousing jobs by Assembly District as well as by County to show the geographical breakdown of the sector.

Key Findings

- Warehouse shortages contributed to the supply chain bottleneck during the Pandemic that led to empty shelves and increased costs for families
- The California Trade Cluster supports 3.2 million jobs—or 17.6% of all jobs in the state
- The California Trade Cluster accounted for 14.3% of the state GDP in 2023
- The California Trade Cluster supports an estimated \$96.5 billion in state and local tax revenue
- Trade jobs, with an average annual wage of \$87,800, are the foundation for Latinos, those with a high school education or less, and immigrants
- States like Texas, Georgia, and South Carolina are making significant investments in warehousing capacity. Similar investments in the past have reduced California’s overall market share of trade activity

What is At Stake With AB 98—California’s Trade Cluster of 1.3 Million Jobs

Warehousing is a critical component of California’s economically key Trade Cluster. Warehouse shortages along with other trade channel bottlenecks led to vessels backing up

at the state’s ports during the recent Pandemic period. These bottlenecks led to shortages and consequently rising prices for both consumer goods and critical parts and materials for production throughout the US.

In 2023, California’s Trade Cluster supported an average of 1,254,700 jobs in the state, or 7% of the California total. The average annual wage of \$87,800 was nearly the same as the overall average for all jobs in the state. The Trade Cluster industry grouping used in these estimates is the one developed by the Los Angeles County Economic Development Corporation and used in our [recent report](#) on the economic effects of the Ports of Los Angeles and Long Beach.

California Trade Cluster, Wage & Salary Jobs, 2023

Source: Quarterly Census of Employment & Wages, Adjusted for Rail

By Destination	Trade Cluster	All Jobs
Jobs	1,254,700	18,019,300
Average Annual Wage	\$87,800	\$87,500

Combined, the direct, indirect, and induced effects support 3.2 million jobs (17.6% of California total), \$277.6 billion labor income, \$502.0 billion value added (equivalent to 14.3% of California GDP in 2023), and \$851.9 billion in output (sales). The full economic importance of these jobs to the state is assessed using the IMPLAN input-output model for California using 2022 data and reporting the results in 2024 dollars.

California Trade Cluster, Economic Impacts

Source: IMPLAN 2022 data for California

By Destination	Employment	Labor Income (\$ bil)	Value Added (\$ bil)	Output (\$ bil)
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Direct	1,254,700	\$127.4	\$250.4	\$435.0
Indirect	966,400	\$82.3	\$133.0	\$222.4
Induced	946,000	\$67.9	\$118.5	\$194.4
Total	3,167,100	\$277.6	\$502.0	\$851.9

This economic activity also supports a substantial share of state and local revenues. Combining direct, indirect, and induced effects, the Trade Cluster supports an estimated \$52.2 billion in state revenues and \$44.3 billion in local revenues.

California Trade Cluster, Tax Impacts

Source: IMPLAN 2022 data for California (\$ bil)

	State	Local	Federal	Total
Direct	\$34.0	\$34.1	\$33.4	\$101.5
Indirect	\$9.1	\$4.6	\$20.3	\$34.1
Induced	\$9.1	\$5.5	\$17.1	\$31.7
Total	\$52.2	\$44.3	\$70.8	\$167.3

Anti-Competitive Regulations Have Already

Reduced Jobs and Economic Output

California’s regulatory environment continues to impact businesses’ decisions on whether to site or expand operations in the state, especially the Southern California region. Since 2006, the Southern California ports complex and associated supply chain network have lost 23% of their market share to competing states. This reduction in market share had led to fewer well-paying jobs and reduced local and state tax revenue. This includes:

- 45,400 jobs annually in Southern California
- \$3.86 billion in reduced labor income
- \$43.8 billion in cumulative losses to the regional economy
- \$590.9 million in lost local and state tax revenue to governments in Southern California
- Cumulative revenue losses to state and local governments of \$4.5 billion
-

Economic Loss from Reduced Market Share

Source: IMPLAN 2022 data for region shown

	Employment	Labor Income (\$ bil)	Value Added (\$ bil)	Output (\$ bil)
Southern California				
Direct	-21,000	\$2.16	\$2.50	-\$4.56
Indirect	-11,100	-0.81	-1.35	-2.47

Induced	-13,400	-0.88	-1.62	-2.65
Total	-45,400	-\$3.86	\$5.48	-\$9.67
Rest of California				
Indirect	-300	-\$0.03	\$0.06	-\$0.11
Induced	-400	-0.03	-0.05	-0.08
Total	-700	-\$0.06	\$0.11	-\$0.19
Total				
Direct	-21,000	-\$2.16	-\$2.50	-\$4.56
Indirect	-11,300	-0.84	-1.41	-2.58
Induced	-13,800	-0.91	-1.68	-2.73
Total	-46,100	-\$3.92	-\$5.59	-\$9.87

Where will Warehouse Jobs Go?

Curtailing new warehouse space in the state through higher regulatory compliance costs means these Trade Cluster jobs will be at risk of moving to other states. For example, the [recent closure](#) of Save Mart's distribution center cost 300 lost jobs in Roseville. Georgia Ports Authority is expanding new warehouse demand through expansion of a [third container terminal](#) and a new rail terminal to [expand inland intermodal capacity](#). South Carolina Ports has invested more than [\\$2 billion in expansion projects](#) in recent years. Dick's Sporting Goods recently announced an 800,000 square foot [distribution center](#) in Texas.

What Workers Would be Affected?

By ethnicity and race, the state’s Trade Cluster shows a relatively higher incidence of Latino workers. Average annual wages in 2023 were higher for Latinos, African-Americans, and Other Races in Trade compared to the overall state economy.

**California Trade Workers,
Ethnicity & Race, 2023**

Source: Quarterly Workforce Indicators, Age 25+

	Employment		Average Annual Wage	
	Trade	Total	Trade	Total
Latino	42.1%	36.1%	\$60,300	\$55,800
White	32.6%	37.9%	\$111,000	\$98,800
African-American	6.1%	6.4%	\$64,000	\$60,900
Asian-Pacific Islander	17.1%	17.0%	\$98,300	\$113,500
Other	2.2%	2.6%	\$84,100	\$78,300

Trade also provides a relatively higher share of job opportunities for workers with a high school education or less, paying annual wages higher than the statewide average.

California Trade Workers, Educational Attainment, 2023

Source: Quarterly Workforce
Indicators, Age 25+

	Employment		Average Annual Wage	
	Trade	Total	Trade	Total
Less Than High School	19.5%	17.1%	\$62,300	\$58,400
High School Diploma	21.5%	19.5%	\$73,600	\$69,300
Some College	27.1%	26.3%	\$84,000	\$79,300
BA or Higher	23.8%	26.8%	\$127,800	\$132,500
N/A (24 or younger)	8.0%	10.3%	\$35,800	\$28,500

Trade also serves as an important gateway job for immigrants. Using the American Community Survey (ACS) microdata, nearly 40% of Trade workers in 2022 were foreign-born naturalized citizens or non-citizens.

California Trade Workers, Nativity, 2022

Source: Analysis of 2022 ACS PUMS Through IPUMS.org

	Trade	Total
Native Born	61.5%	68.3%

Foreign Born

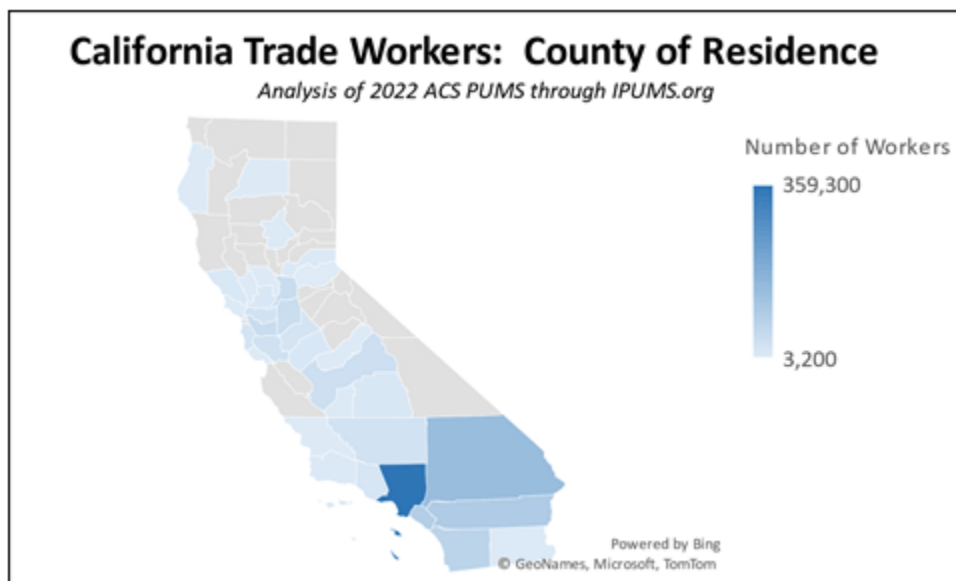
38.5%

31.7%

Where Do They Live?

Los Angeles County and the rest of Southern California have the highest concentration of Trade Cluster workers, but this industry is spread throughout the state. Including Ventura and San Diego Counties, Southern California accounts for 62% of the state's Trade Cluster workers.

Note that data is only available for the counties shown on the map. Another 31,500 Trade Cluster workers live in the grey counties. Also note that the map shows where these workers live. They may commute to work to another location.



California Trade Cluster, County of Residence, 2022

Source: Analysis of 2022 ACS PUMS through IPUMS.org

County

Number of Workers

County

Alameda	44,700	Sacramento	43,900
Butte	5,400	San Bernardino	140,800
Contra Costa	27,100	San Diego	72,200
El Dorado	3,200	San Francisco	16,300
Fresno	36,600	San Joaquin	41,900
Humboldt	3,400	San Luis Obispo	4,700
Imperial	6,600	San Mateo	21,500
Kern	29,300	Santa Barbara	7,800
Kings	5,800	Santa Clara	30,300
Los Angeles	359,300	Santa Cruz	5,100
Madera	3,600	Shasta	3,300
Marin	3,800	Solano	12,400
Merced	12,400	Sonoma	11,400
Napa	4,400	Stanislaus	23,400
Orange	88,800	Tulare	14,400
Placer	8,300	Ventura	19,300
Riverside	97,300	Yolo	4,400
		Other Counties	31,500

The number of workers is not available by legislative district in the 1-year ACS data. However, an approximation can be obtained using the QCEW data the Center maintains through special runs by EDD. This data, however, is only available by 2-digit level NAICS, and consequently overstates the Trade Cluster component by about 17% due to some additional industries included under Transportation & Warehousing (NAICS 48-49) such as Couriers & Messengers but not included under the Trade Cluster definition used in this report. The numbers in the table below have been adjusted to address this factor. While the previous numbers detailed the residence of Trade Cluster workers, the numbers in this table are by place of work. They estimate the number of workers employed by Trade Cluster businesses within each district.

California Trade Workers by Place of Work, 2023 Average

Source: Quarterly Census of Employment & Wages, NAICS 42 & 48-49, adjusted

# of Workers		# of Workers	
Assembly District 01	5,700	Assembly District 41	7,500
Assembly District 02	7,400	Assembly District 42	10,400
Assembly District 03	9,900	Assembly District 43	13,500
Assembly District 04	17,900	Assembly District 44	6,900
Assembly District 05	8,100	Assembly District 45	50,500
Assembly District 06	16,800	Assembly District 46	10,400
Assembly District 07	8,300	Assembly District 47	5,100
Assembly District 08	6,200	Assembly District 48	13,900
Assembly District 09	16,800	Assembly District 49	8,800
Assembly District 10	9,000	Assembly District 50	42,800
Assembly District 11	8,600	Assembly District 51	12,700
Assembly District 12	9,000	Assembly District 52	5,300
Assembly District 13	35,800	Assembly District 53	47,700
Assembly District 14	7,300	Assembly District 54	46,400
Assembly District 15	5,800	Assembly District 55	6,800
Assembly District 16	9,900	Assembly District 56	33,900
Assembly District 17	25,800	Assembly District 57	20,000
Assembly District 18	19,800	Assembly District 58	26,300
Assembly District 19	1,700	Assembly District 59	21,600
Assembly District 20	21,900	Assembly District 60	34,500
Assembly District 21	32,100	Assembly District 61	48,800
Assembly District 22	12,300	Assembly District 62	8,000
Assembly District 23	7,500	Assembly District 63	13,300
Assembly District 24	26,300	Assembly District 64	30,300
Assembly District 25	8,800	Assembly District 65	34,200
Assembly District 26	11,600	Assembly District 66	18,200
Assembly District 27	9,200	Assembly District 67	17,600
Assembly District 28	4,800	Assembly District 68	19,600
Assembly District 29	11,400	Assembly District 69	22,500
Assembly District 30	5,900	Assembly District 70	7,200
Assembly District 31	19,700	Assembly District 71	7,000
Assembly District 32	15,200	Assembly District 72	12,800
Assembly District 33	10,800	Assembly District 73	29,800
Assembly District 34	8,200	Assembly District 74	8,800
Assembly District 35	12,600	Assembly District 75	7,000
Assembly District 36	5,500	Assembly District 76	8,300
Assembly District 37	8,500	Assembly District 77	16,100
Assembly District 38	9,800	Assembly District 78	18,900
Assembly District 39	3,200	Assembly District 79	2,300
Assembly District 40	12,300	Assembly District 80	12,600

US DATA

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