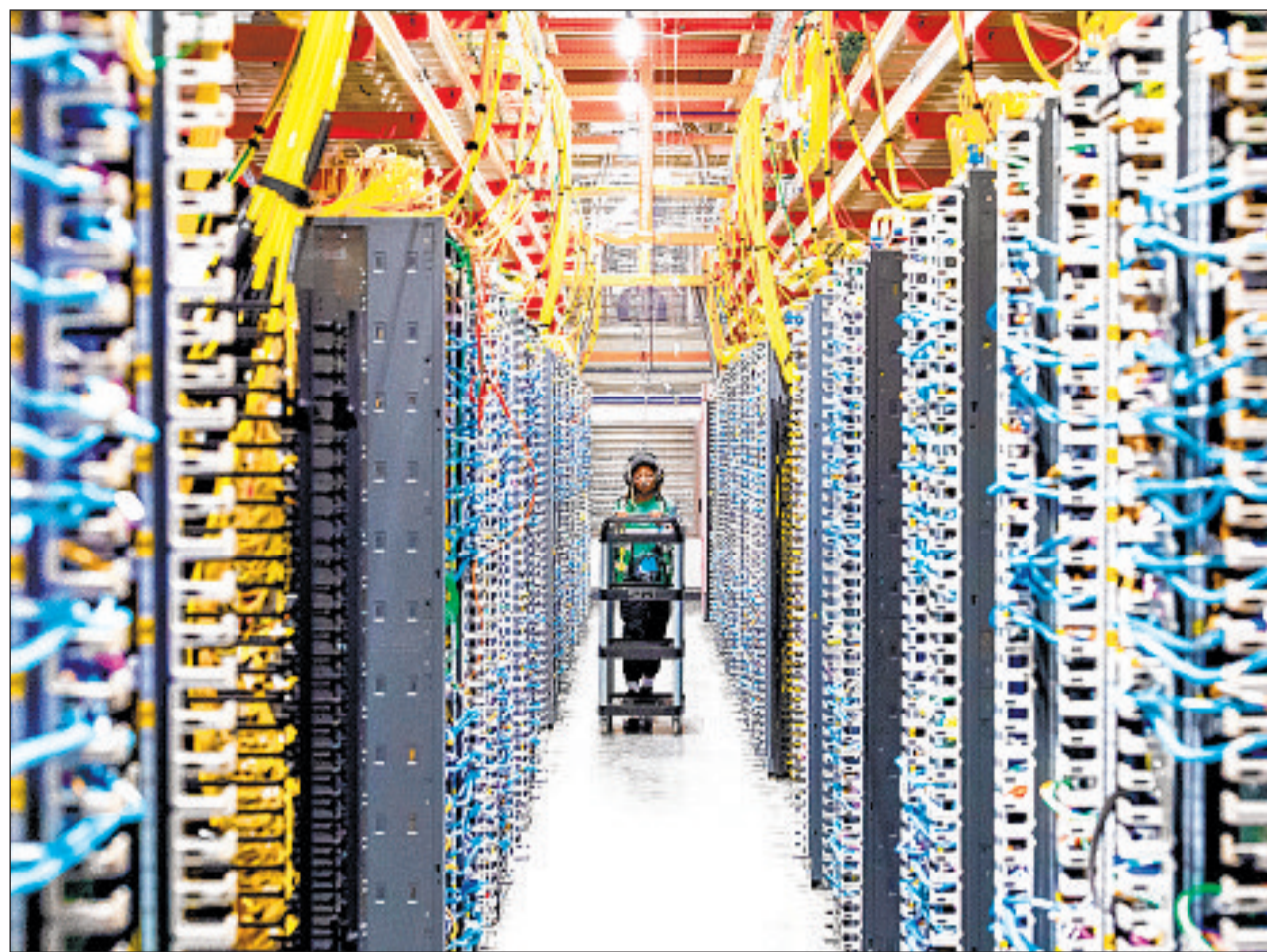


\$3.66 DESIGNATED AREAS HIGHER © 2026



NOAH BERGER Associated Press

A TECHNICIAN makes the rounds at an Amazon Web Services AI data center in New Carlisle, Ind., last year.

A year later, the cost of 'tariff mania'

U.S. consumers and businesses bear the brunt of levies and the burden of uncertainty.

BY MICHAEL WILNER

WASHINGTON — One year ago, Donald Trump stood in a sun-kissed, unpaved Rose Garden and defiantly announced a new era of global trade, raising tariffs on countries worldwide and sending shock waves through the global economy. The president promised short-term pain rippling through American households would make way for a U.S. economy that would soon take off.

But experts say they are still waiting for receipts — and question whether they will ever come.

Tariff rates shifted so unpredictably for so long — across countries and with remarkable speed — that companies are still struggling to build stable, long-term supply chains capable of supporting future planning and growth.

U.S. markets recorded one of the most volatile years in history, marked by extreme swings and modest gains driven by a handful of stocks for tech companies largely inoculated from import duties.

Federal customs duties brought in tens of billions of dollars. But a study published this week by the European Central Bank found that U.S. importers and consumers, not foreign exporters, bore the brunt of the costs that paid for it — and that an even larger share of the burden will fall on American households and companies the longer Trump's tariff policies stay in place.

Despite the president's pronouncements, tariff earnings have barely made a dent in the federal debt.

Tax cuts and additional spending on defense and immigration enforcement have increased the annual deficit.

In the months of January and February alone, net customs duties hit an average of \$27 billion — a significant figure that has essentially offset the costs of Trump's war with Iran, now estimated to be more than \$57 billion since its start.

In February, the Supreme Court ruled that Trump had exceeded his authority by bypassing Congress to impose tariffs on an emergency basis. But the decision has merely prompted the Trump administration

[See Tariffs, A10]

In land of AI boom, data centers are a bust

Californians' worries about pollution, higher power bills are driving sites — and jobs — out of the state

BY NILESH CHRISTOPHER

Bryan Marsh was booed by the crowd as he approached the podium in Monterey Park's City Hall. Things weren't going as planned.

In front of a wall of people holding "No Data Center" placards, he outlined how his company, Australia's HMC StratCap, invested tens of millions of dollars and became the city's largest landowner after years of negotiations, clearances and hearings.

City officials had previously welcomed its plans to build a sprawling new data center and the jobs and tax revenue that would follow, he said, but then things sud-

denly changed. "There was no widespread opposition" until late last year, he said as people in the room yelled, "You're a liar!" "Now, for the last few months, the city has faced intense public pressure."

California's notorious NIMBY, or not in my backyard, adherents have a new cause. They are worried that the data centers that power artificial intelligence will lead to pollution, higher power bills and worse. It is a nationwide movement gaining momentum and is particularly poignant in California, arguably the birthplace of the AI boom.

It's also one of the reasons most blue-collar jobs tied to the unprecedented build-out of data centers are

going to other states.

Medhi Paryavi advises governments and companies on data center projects across the country. When he recently suggested California to a European executive looking to invest hundreds of millions of dollars, he was quickly dismissed.

"Absolutely not!" the executive snapped back, said Paryavi, the chairman of the Washington-based think tank International Data Center Authority.

The aversion to California is pretty standard in the industry. Land is expensive, electricity rates are high and there are too many regulations. Meanwhile, new roadblocks pop up regularly as the state's outspoken citi-

[See Data centers, A13]

In reversal, Johnson embraces Senate's Homeland Security bill

BY KEVIN FREKING AND JOEY CAPPELLETTI

WASHINGTON — Less than a week after he and other House Republican lawmakers rejected a Senate plan to fund the Department of Homeland Security — but not its immigration enforcement operations — Speaker Mike Johnson has made a complete about-face.

Johnson's embrace of a two-track Senate bill marks a sharp reversal, after he had derided it as a "joke," and said he was "quite convinced

that it can't be that every Senate Republican read the language of this bill."

But now that Johnson appears to be fully on board, securing support from his own conference could prove more difficult after a sizable group of House Republicans blasted the Senate-passed bill last week.

President Trump said Thursday that he will sign an order to pay all Homeland Security employees who have gone without paychecks during the partial government shutdown that has reached a record 48 days.

Trump used a similar maneuver to resume pay for the Transportation Security Administration after many employees had called out from work, resulting in long delays at airport security lines for travelers. Trump's latest intervention is expected to apply to other non-law enforcement employees at the department, including many employees at the Federal Emergency Management Agency, U.S. Coast Guard and the agency responsible for coordinating federal cybersecurity efforts.

[See Johnson, A7]

Big Sky, big savings as rich motor through a loophole

Luxury car buyers in California register their rides in Montana to avoid paying taxes.

BY SUHAUNA HUSSAIN

The "Montana loophole" is pretty simple.

Luxury car buyers in California and other states wanting their fancy ride but not wanting to pay sales taxes turn to Montana, which has no sales or personal property tax. They register the car there, which they can do from anywhere

with paperwork, and bring it back to their home state.

The Montana detour has become a well-known path for the rich to save some money on their Maybach and Maserati.

But California is now fighting back.

Facing its own budget problems, state officials are investigating more Montana car registrations. Shannon Robinson of the California Department of Tax and Fee Administration said those who register in Montana simply to avoid taxes could be violating the law.

More than a year ago, the agency sent a letter to Cali-

fornia auto dealers, warning that they could be held liable for taxes if they neglected to maintain proper shipping and delivery documents, or if they maintained such documentation but did not actually ship the vehicle out of state. The letter also urged dealers to explain the potential tax issues associated with out-of-state limited liability companies.

Robinson said there is a "significant tax gap" the state is looking to close through investigations.

"We're talking about really large, hefty sales prices on these vehicles. So

[See Loophole, A10]

President fires Bondi after a tumultuous 14-month term

Epstein files, failed cases against Trump's enemies dogged the attorney general.

BY ANA CEBALLOS AND KEVIN RECTOR

WASHINGTON — President Trump fired Pam Bondi as attorney general on Thursday, ending a tumultuous 14-month tenure marked by mass firings of career prosecutors, a bungled handling of Jeffrey Epstein's sex trafficking investigation and a string of investigations into the president's political foes, including prominent California Democrats.

Trump announced the ouster of the former Florida attorney general in a social media post, praising her as a "Great American Patriot." It caps months of controversy surrounding Bondi's leadership, which critics called an unprecedented assault on

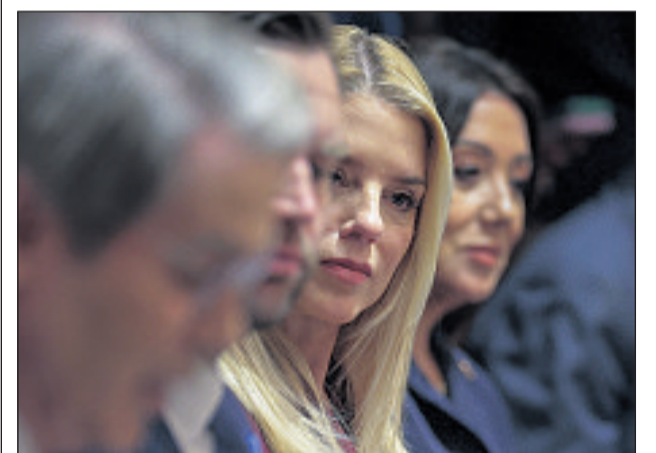
the independence of the nation's top law enforcement agency.

Deputy Atty. Gen. Todd Blanche, Trump's former personal criminal defense attorney, will serve as acting attorney general until a permanent replacement is named. Blanche, like Bondi, has been a loyal backer of Trump while at the Justice Department.

Blanche has denounced past criminal cases against Trump as baseless and politically motivated, even while championing new criminal cases against Trump's political opponents. He has also echoed Trump's sharp criticisms of the federal judiciary, declaring the Justice Department is at "war" with a cadre of "rogue activist judges."

Bondi, in a post on X, promised to assist with the transition while defending her tenure — in part by citing historic declines in homicides.

"Leading President [See Bondi, A7]"



CHIP SOMODEVILLA Getty Images

DEMOCRATIC House members say they still expect Pam Bondi to testify about the Epstein investigation.

Trump's Iran speech fails to allay worries, at home and abroad

BY KEVIN RECTOR

President Trump's meandering speech on the Iran war late Wednesday — in which he paired promises of a swift exit with new threats of escalated bombing and denied responsibility for the Strait of Hormuz — did little to assuage U.S. allies and world markets concerned about the conflict's ongoing disruptions to the global oil supply.

Stocks dropped after markets opened Thursday and oil prices soared, with the price of U.S. crude oil jumping more than 10%, to above \$110.

In the wake of the speech, diplomats from more than 40 nations — not including the U.S. — met to strategize

on how to lift Iran's continued stranglehold on the strait, the vital oil corridor that the U.S.-Israeli war drove Iran to restrict but which Trump on Wednesday said wasn't his problem.

Iranian officials remained unbowed, asserting the U.S. and Israel "know nothing" of its remaining capabilities, that "not a single life will be spared" if either attempts a ground incursion into its territory, and that "every last" Iranian would become a soldier if necessary.

"Iranians don't just talk about defending their country. They bleed for it," Iranian parliament Speaker Mohammad Bagher Qalibaf, a pugilistic figure and one of Iran's most prominent

[See Iran, A3]

Crackdown on hospice fraud

Eight people were arrested and 15 charged in an alleged scheme to steal over \$50 million in healthcare funds. CALIFORNIA, B1

Grocery Outlet closing 36 stores

Six of the three dozen underperforming U.S. sites are in Southern California. BUSINESS, A12

Weather

Mostly sunny. L.A. Basin: 81/58. B6

Markets A13

For the latest news, go to latimes.com.



7 85944 00200 5



JESSICA CHRISTIAN S.F. Chronicle
PUKA Nacua entered a rehab facility in March.

Rams' Nacua checks into rehab

Star wide receiver is facing allegations in a civil lawsuit that he bit a woman on New Year's Eve. SPORTS, B10