



PINAL
PARTNERSHIP
Uniting the Vision for Pinal County

Arizona Legislative Update

2025 Recap & 2026 Outlook



FY 2025 Budget: What Passed



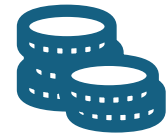
\$17.6B
Bipartisan
Budget



Water
Infrastructure
Funding



Transportation
& Rural
Infrastructure
Investments



Economic
Development
and Targeted
Tax Relief

2025 Pinal County Budget Snapshot

\$5 million Towards:

- DWR
- ASU Decision Theater
- WIFA
- ADOT Allocations
 - SR 347
 - SR 24

Over **\$1.4 million** in direct county distributions support core services, including Pinal County Sheriff's Office, suicide prevention initiatives, Veterans Center, illegal dumping signage, and the Pinal Alliance Reading Program.

More than **\$2.6 million** in combined funding for municipal police and fire departments across Casa Grande, Coolidge, Eloy, Florence, Gila River, and the City of Maricopa, reinforcing local public safety capacity.

SUPPORTED

Senate Bills

SB 1393 – *Groundwater Replenishments; Pinal AMA*

SB 1611 – *Physical Availability Exemption Credit; Groundwater*

SB 1616 – *County Water Augmentation Authorities; Bonds*

SB 1617 – *Appropriation; State Route 347*

House Bills

HB 2082 – *TPT Exemption; Wastewater; Pipes*

HB 2103 – *Appropriation; Colorado River Compact; Defense*

HB 2106 – *Technical Correction; Supplemental Environmental Project*

HB 2234 – *Appropriation; Pinal County Transportation Study*

HB 2298 – *Physical Availability Exemption Credit; Groundwater*

HB 2691 – *Groundwater Replenishment Districts; Annual Dues*

HB 2753 – *Groundwater Replenishment; Pinal AMA*

HB 2774 – *Small Modular Reactors; Co-Location*

OPPOSED

Senate Bills

SB 1013 – *Municipalities & Counties; Fee Increases; Vote Requirement*

SB 1145 – *Special Districts; Construction; Payments*

SCR 1008 – *Municipalities & Counties; Fee Increases; Vote Requirement*

House Bills

HB 2722 – *Public Resources; Expenditures; Prohibition*



Pinal Partnership: 2025 Wins

Chaptered

- **SB 1611 – Physical Availability Exemption Credit; Groundwater**

Creates a credit allowing landowners to convert irrigation groundwater rights into a regulated groundwater allowance, improving flexibility while maintaining water management standards.

- **HB 2691 – Groundwater Replenishment Districts; Annual Dues**

Adjusts how annual dues are calculated for groundwater replenishment districts to better reflect projected groundwater use.

- **HB 2753 – Groundwater Replenishment; Pinal AMA**

Clarifies replenishment obligations for new assured water supply designations within the Pinal Active Management Area.



2026 Outlook

Advance long-term water security by expanding supply and augmentation tools, refining assured water supply and groundwater management standards, and investing in recharge, brackish groundwater development, water quality protection, and Colorado River defense.

Invests in critical transportation infrastructure to improve safety, mobility, and regional connectivity across Pinal County.

Advance economic growth and community investment through targeted funding for housing, infrastructure, connectivity and rural development.

Strengthen energy, innovation, and industrial competitiveness by supporting advanced air mobility, modern energy technologies, and streamlined siting and zoning for next-generation infrastructure.

2026 State Budget & Tax Policy

Governor Hobbs vetoed SB 1106, rejecting near-full federal tax conformity under *H.R. 1* and signaling opposition to a broad package of business tax deductions.

Governor's Targeted Priorities

Senior Deduction: +\$6,000 for taxpayers 65+

Tax-Free Tips: Deduction up to federal limits

Tax-Free Overtime: Exemption of eligible overtime pay

Car Loan Interest: Deduction for new, American-made vehicles

Fiscal Context

\$440M Impact

The proposed conformity package included 13 tax changes totaling ~\$440 million, elevating conformity from a technical update to a major fiscal issue.

The Executive Budget reflects the Governor's priorities but does not appropriate funds; final decisions rest with the Legislature.

FY 2027 Executive Budget

Healthcare & Services

The Executive Budget prioritizes healthcare access and crisis response with targeted investments in rural hospitals, behavioral health services, Medicaid transition support, and statewide hospital transfer coordination.

Water

New funding mechanisms and reallocations strengthen Arizona's water strategy, including support for Colorado River litigation, increased DWR resources, and expanded financing for water infrastructure through WIFA.

Education & ESA Reform

The budget increases K–12 funding while implementing targeted ESA reforms that introduce an income cap, preserve access for priority student populations, and generate significant program savings.

Economic Development & Revenue Shifts

Revenue measures restore ongoing General Fund capacity by eliminating select tax incentives while maintaining baseline economic development funding and reducing targeted programs.

Takeaways

Budget & Affordability Pressures – Lean fiscal outlook driving tough tradeoffs on tax relief, education funding, housing, and utilities

Tax Conformity / Federal H.R. 1 – Whether and how Arizona conforms to federal tax changes will shape revenue, credits, and business impacts

Proposition 123 & Education Funding – Potential renewal or restructuring as a major budget lever affecting K-12 and overall fiscal capacity

Water Policy & Colorado River Negotiations – Long-term supply, groundwater management, replenishment, and interstate agreements remain central

Growth, Infrastructure & Data Centers – Energy reliability, transmission, water availability, and land-use policy tied to large-scale development

Energy & Utility Regulation – Rising rates, resource adequacy, renewables, and grid reliability under increased legislative scrutiny

Election-Year Politics – All legislative seats up in 2026 driving messaging bills, partisan positioning, and ballot-measure strategy

Ballot Measures & Election Law – Anticipated initiatives and election-process reforms influencing legislative behavior and timelines