

PPGRC LEGISLATIVE UPDATE

MARCH 2026



GENERAL UPDATE



Today is the 72nd day of session

1,966 bills introduced, 5 signed into law

155 memorials/resolutions introduced, 13 transmitted



Last week to hear bills in traditional committees



Expect slowdown as we move out of committees



Focus will shift to budget negotiations and large policy items

BUDGET UPDATE

- As of February, \$577M was available for discretionary purposes (through 2028), up from \$67M
- \$1.7 B rainy day fund
- Tax Conformity total cost unknown- 3-4 years
 - Legislative proposals (vetoed): \$1.44B, \$440M?
 - Executive Budget Proposal: \$757M
- One-time spending: State Employee health insurance (\$195M) and school facilities (\$183M)
- Medicaid and SNAP requirements (296 FTEs, \$31M)
- Executive budget includes revenues from:
 - Federal reimbursement of border security costs- \$760M
 - Increasing sports betting tax rates from 10-45%- \$136M
 - Eliminating TPT exemption for data centers- \$38M
 - Lottery/Tourism Marketing- \$29M
 - \$3.50 short-term rental surcharge- \$28M



EXECUTIVE BUDGET PROPOSAL

- Opportunities for law enforcement to obtain \$9.3M to assist victims and survivors of crime and another \$5M for drug interdiction
- \$7.4M and 50 FTEs for the State Major Incident Division for law enforcement
- \$15.4M for highway maintenance
- \$10M for cyber readiness

CITY REQUESTED LEGISLATION

HB 2138 firefighters; employment status

HB 4026 public infrastructure improvements;
distribution limit

SB 1029 candidate committees; posthumous
closure

SB 1550 appropriations; Queen Creek; law
enforcement



WATER LEGISLATION

Relevant water legislation this session includes:

- HB 2052 management plan; water loss; percent
- HB 2116 appropriation; Colorado River litigation fund
- HB 2758 McMullen Valley; eligible entities; groundwater
- HB 2827/SB 1447 groundwater withdrawal fee; Pinal AMA
- HCR 2038 Colorado River; seven-state agreement
- SB 1200 Lakes strike-everything
- SB 1560 CAP; water supply development fund

TRANSPORTATION BILLS



SB 1138 - automated license plate readers (Finchem)

Failed S/E amendment would have added traffic fines into HURF to address funding needs.

Has not crossed into House.



SB 1250 - appropriation; State Route 87 (Shope)

Funds a left turn lane southbound on SR 87 and E Malcom X Street (\$6.41 million).

Scheduled for House Committee on March 25.



SB 1455 - appropriation; State Route 24; extension (Farnsworth)

Funds design for extending SR 24 east of Ironwood Drive (\$500,000).

Scheduled for House Committee on March 25.

TRANSPORTATION BILLS



HB 2273 - S/E income tax rebate; pinal county (Martinez)

Reimburses qualifying taxpayers the PRTA transportation tax.

Passed through committee in the Senate.



HB 2304 - appropriations; transportation projects (Biasiucci)

Funds various state-wide transportation projects (\$123.3 million in Pinal County).

Has not crossed into the Senate.



HB 2601 - Interstate I I; environmental; engineering; study (Gress)

Requires ADOT to advance efforts for a I-I I segment between Casa Grande and Wickenburg.

Referred to Senate Committee.

BILLS IMPACTING MUNICIPAL REVENUE

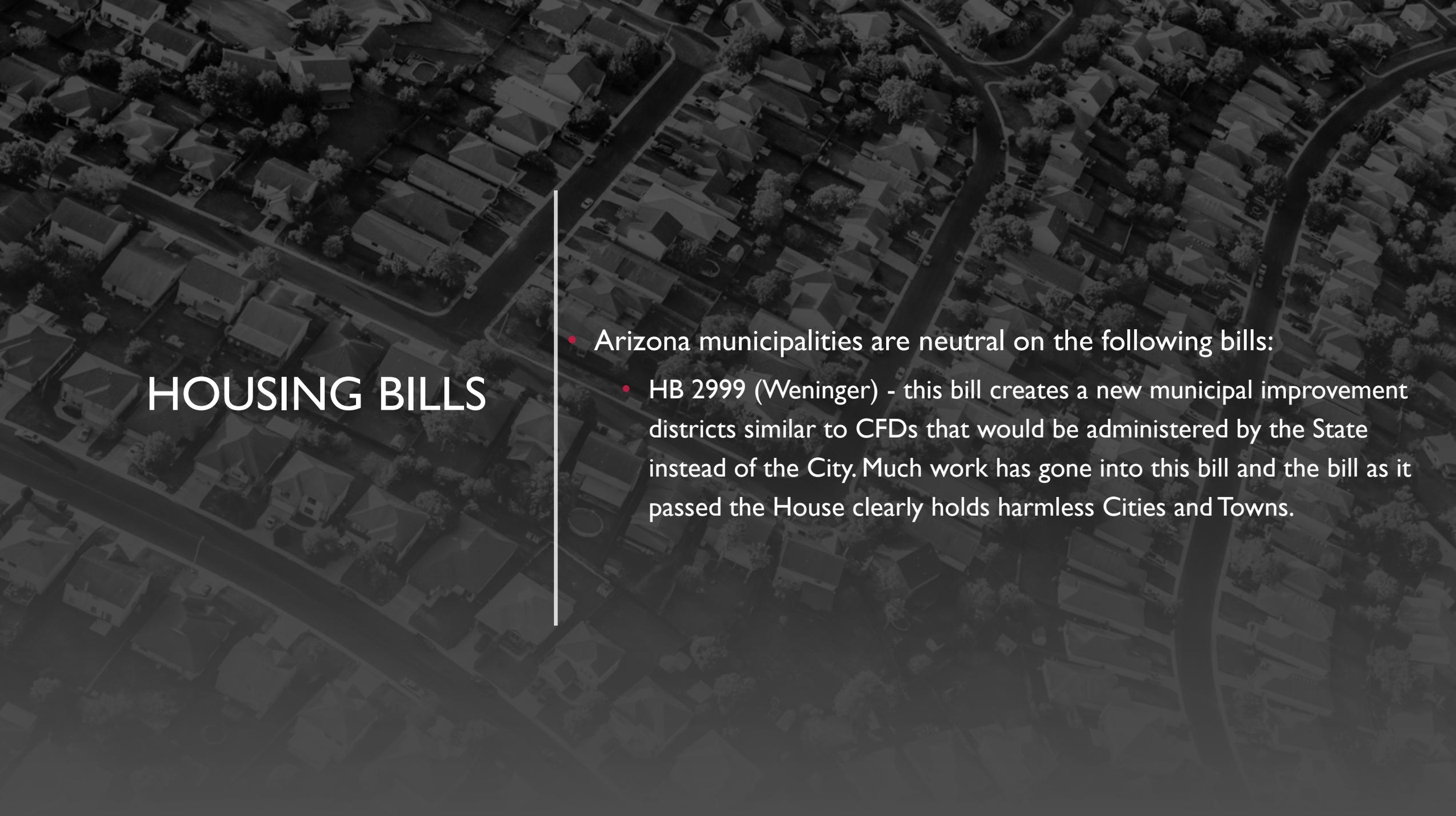
- HB 2839 / HCR 2018 (Biasiucci) – eliminates ability of municipalities to impose food tax
 - Dead
- HB 2290 (Olson) – changes State Law complicating which municipality gets online sales tax, disproportionately negatively impacting rural municipalities
 - Dead
- Multiple bills to establish TIF
 - Dead

BILLS IMPACTING MUNICIPAL REVENUE

- HB 4030 / HCR 2052 (Olson) – in original form, it imposed a moratorium on municipalities and counties from raising any fee, tax, assessment, or charge for 4 years
 - Was amended in Committee of the Whole two weeks ago to allow for utilities to increase up to 3% annually over the 4 year timeframe if a municipality had not previously raised a rate by 12%
 - Also amended to exempt rate raises needed to pay back bonds and rate raises needed to acquire more water supply
 - These amendments **do not** address the problems of the bill

HOUSING BILLS

- Arizona municipalities oppose the following bills:
 - SB 1241 (Bolick) - this bill fundamentally changes how residential building permits and inspections work in Arizona by allowing private entities to replace city and county permitting authority for many common residential projects. It would forbid City oversight of building codes, threatening public safety.
 - SB 1431 (Bolick) - this bill would strip cities and towns of the ability to set important design standards for safety and aesthetics for new single-family homes, violating local control.



HOUSING BILLS

- Arizona municipalities are neutral on the following bills:
 - HB 2999 (Weninger) - this bill creates a new municipal improvement districts similar to CFDs that would be administered by the State instead of the City. Much work has gone into this bill and the bill as it passed the House clearly holds harmless Cities and Towns.

OTHER BILLS

- SB 1293 (Mesnard) - Limits GPLET abatement, making the tool much less useful than today. Without TIF, GPLET is the major economic development tool possessed by municipalities.
 - Status: Passed Senate and House Committee, awaits COW and Third Reading

QUESTIONS?

