

FY 2027 BUDGET RECONCILIATION BILLS (BRBs) AND MAJOR FOOTNOTE CHANGES *

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*Chapter numbers refer to Laws 2026, 2nd Regular Session.

FY 2027 BUDGET RECONCILIATION BILL PROVISIONS

AMUSEMENTS - Chapter 127 (HB 4155)

Department of Gaming

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| 1. | As session law, continues to set the Regulatory Wagering Assessment at 0.5% in FY 2027 only. | AMUS 8 |
| 2. | As session law, the Department of Gaming may continue to allow a first-time starter horse to race in 2026 and 2027 as long as the horse has gate approval and at least 2 timed workouts. One of the timed workouts shall be an out-of-the-gate workout that is conducted within 60 days of the race. (For reference, "gate approval" means a demonstration to confirm a racehorse has been trained on how to safely enter and exit the starting gate prior to racing at a commercial racetrack.) | AMUS 9 |
| 3. | As permanent law, combines the Fantasy Sports Contest Fund into the Event Wagering Fund and moves the Unarmed Combat subaccount into the Event Wagering Fund. Allows the department to transfer monies from the Event Wagering Fund into the Unarmed Combat subaccount. Allows Event Wagering Fund to be used on problem gambling and adds up to \$500,000 for grantmaking authority. | AMUS 2,3,4,5,6,7 |

Department of Liquor Licenses and Control

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| 4. | As permanent law, amends A.R.S. § 4-120(c) to require that monies in excess of \$700,000 be transferred from the Liquor Licenses Fund to the General Fund by December 31 of each fiscal year. | AMUS 1 |
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STATE BUDGET IMPLEMENTATION - Chapter 138 (HB 4166)

Statewide

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| 5. | As session law, continues to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services. | BI 2 |
| 6. | As session law, continues to notwithstanding the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund (BSF) through FY 2029. Also, notwithstanding the 10% BSF cap for FY 2027. | BI 3 |
| 7. | As permanent law, grants ADOA the ability to delegate authority or specific information technology functions to any budget unit and the authority to enter into agreements with any state agency or political subdivision of this state to furnish IT services. Additionally, requires ADOA to adopt certain software and data sharing practices and develop a statewide IT strategic plan. | BI 1 |

COMMERCE - Chapter 129 (HB 4157)

Arizona Commerce Authority

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| 8. | As session law, extend the current \$1.75 million yearly distribution from the State Lottery Fund to the Arizona Commerce Authority through FY 2029. In FY 2030, the distribution will increase to its pre-FY 2025 level of \$3.5 million. | COMM 1,2 |
| 9. | As permanent law, moves the administration of the Advanced Air Mobility Fund from the Treasurer to the Arizona Commerce Authority (ACA) and amends the fund purpose to allow for the Office of Defense Innovation within ACA to enter into a contract with an entity to advance the | COMM 4,7 |

state's defense, aerospace, dual use and national security innovation ecosystem. Requires a report on or before September 1, 2029 to the Governor, President of the Senate, and Speaker of the House with a summary on the activities and accomplishments of the Office of Defense Innovation. Removes requirement of JCCR review of expenditure plan prior to expending monies from the Advanced Air Mobility Fund.

10. As permanent law, extend the Arizona Competes Fund through the end of fiscal year 2028. COMM 6,11

Registrar of Contractors

11. As permanent law, amending A.R.S. 32-1334 to increase the Residential Contractors' Recovery Fund administrative expenditure cap from 14% to 20% of prior year deposits. COMM 5

Corporation Commission

12. As permanent law, adds "safety" to the allowable uses of the Securities Regulatory and Enforcement Fund. COMM 10

Office of Economic Opportunity

13. As permanent law, amend A.R.S. § 41-2257 to increase the population threshold for a city or town to one hundred fifty thousand persons and increase the population threshold for a county to five hundred thousand persons. COMM 8

Department of Insurance and Financial Institutions

14. As permanent law, allow the department to annually assess and collect from all insurers (domestic and foreign) at the current statutory fee schedule with the intent to pay for the department's operating expenses plus \$2.0 million in additional resources. Further makes the Financial Surveillance Fund an appropriated fund. COMM 3

Office of Tourism

15. As permanent law, allow gifts, grants, and donations to be deposited into the Tourism Fund. COMM 9

CRIMINAL JUSTICE - Chapter 130 (HB 4158)

Arizona Department of Administration

16. As permanent law, amends A.R.S 41-710.03 to specify that the state shall not use monies from any source other than the Erroneous Convictions Fund to pay erroneous convictions compensation claims. Specifies that the state is not liable to pay any amount for erroneous convictions claims in excess of the available monies in the Erroneous Convictions Fund. Applies this change retroactive to December 31, 2025. CJ 7,16

Attorney General

17. As permanent law, continues the Civil Rights Division within the Attorney General's Office and terminates the Civil Rights Advisory Board. The Civil Rights Division previously had a repeal date of January 1, 2027. CJ 8,9,10,14

Arizona Department of Corrections

- 18. As permanent law, amend A.R.S. § 31-281 and A.R.S. § 31-285 to combine the reporting requirements on the transition program. ADC currently reports separately on both the cost reductions associated with the transition program as well as details on the program participation. CJ 4,5,6
- 19. As permanent law, amend A.R.S. § 41-1641 by increasing the amount transferred from the Corrections Fund to the DOC Building Renewal Fund from \$2.5 million to \$12.5 million. CJ 11

Arizona Criminal Justice Commission

- 20. As permanent law, renames the Peace Officer Training Equipment Fund to the Law Enforcement Equipment Fund. Changes the administration of the fund from the State Treasurer to the Arizona Criminal Justice Commission (ACJC) and allows ACJC to use the fund for administrative costs. CJ 1,2,12,13

Judiciary

- 21. As permanent law, requires the Administrative Office of the Courts to submit an annual report to the Governor, Speaker of House, President of the Senate, JLBC, OSPB, and Secretary of State by December 1 on the enforcement and collection of restitution, fines, fees, surcharges, and assessments under A.R.S. § 13-810, including detail on amounts ordered and collected, collection rates, and instances in which a person was incarcerated due to nonpayment. CJ 3

Department of Public Safety

- 22. As permanent law, delay the full implementation of the Major Incident Division to FY 2029. CJ 15

ENVIRONMENT - Chapter 131 (HB 4159)**Department of Environmental Quality**

- 23. As session law, continues to allow the department to utilize up to \$6,531,000 from the Underground Storage Tank Fund in FY 2027 for department administrative expenses and for sewage remediation. ENV 5
- 24. As session law, maintain emission inspection fees in FY 2027 for Area A at the June 30, 2025, Area A fee level. Area A refers to the Phoenix Metropolitan Area and includes Maricopa County as well as portions of Pinal and Yavapai Counties. ENV 8
- 25. As session law, continue notwithstanding the \$18,000,000 annual funding level for the Water Quality Assurance Revolving Fund (WQARF) and limiting the General Fund transfer to \$15,000,000. ENV 9

Arizona Navigable Stream Adjudication Commission

- 26. As session law, continues to allow use of the Water Banking Fund for the commission's legal obligations. ENV 6

Department of Water Resources

- 27. As session law, continues to allow the department's Water Protection Fund Commission to spend up to \$336,000 on administrative functions out of their unobligated balances in FY 2027. ENV 7
- 28. As session law, extend the March 31, 2027 repeal of the Arizona System Conservation Fund to March 31, 2031. ENV 3

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| 29. | As permanent law, for the Pinal County Active Management Area (AMA), extends from January 1, 2027 to December 31, 2030, the following: 1) The moratorium on levying and collecting annual groundwater withdrawal fee for Arizona water banking purposes; 2) the \$2.50 per acre-foot per year cap on the annual groundwater withdrawal fee for groundwater and efficiency projects in the Pinal AMA. | ENV 1 |
| 30. | As permanent law, monies collected for groundwater withdrawal fees from Pinal County for groundwater and irrigation efficiency projects in the Pinal AMA are deposited into the Temporary Groundwater and Irrigation Efficiency Projects Fund. Delays by 5 years, from 2027 to 2032, the year in which any unencumbered monies in the Fund must be proportionally distributed to the Fund's contributors. | ENV 2 |
| 31. | As session law, extends the repeal of the Temporary Groundwater and Irrigation Efficiency Projects Fund from March 31, 2028 to March 31, 2033. | ENV 4 |

HEALTH CARE - Chapter 132 (HB 4160)

Arizona Department of Administration

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| 32. | <p>As permanent law, establishes the Health Insurance Trust Fund (HITF) Oversight Board to approve changes to the state employee medical and dental insurance plans beginning in PY 2028. Establishes the following provisions governing the Board:</p> <ul style="list-style-type: none"> • The Board consists of 5 voting members: <ul style="list-style-type: none"> ○ The ADOA Benefits Division Assistant Director, Chair of the Board. ○ The ADOA Director or their designee. ○ The Department of Insurance and Financial Institutions Director or their designee. ○ One member appointed by the Speaker of the House of Representatives. ○ One member appointed by the President of the Senate. • None of the 5 members may be sitting elected officials, and the 2 members appointed by the Speaker/President must have at least 3 years of experience in the health care industry in Arizona and may not be a registered lobbyist. • The Board is required to meet at least twice per year and must vote to approve changes proposed by ADOA staff for any of the following: <ul style="list-style-type: none"> ○ Benefits. ○ Premiums. ○ Cost sharing (e.g. deductibles, copays, coinsurance, and out-of-pocket maximums). ○ Request for Proposals (RFP) contracts greater than \$3 million. • The Board is required to design policies that seek to achieve the following by PY 2035: <ul style="list-style-type: none"> ○ An 85% employer/15% employee medical premium cost share. ○ A consistent HITF reserve balance that is 2x the health plan's "Incurred But Not Reported" (IBNR) costs. ○ Optimal retiree cross-subsidization. | HLTH 4,5 |
| 33. | As permanent law, require that the HITF Oversight Board develop requirements for the sharing of state employee health plan anonymized and aggregated claims and trend data with participating employers. | HLTH 3 |

AHCCCS

Rates and Services

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| 34. | As session law, continues the FY 2010 risk contingency rate reduction for all managed care organizations. Continues to allow AHCCCS to impose a reduction on funding for all managed care organizations' administrative funding levels. | HLTH 18 |
| 35. | As session law, requires AHCCCS to report by January 31, 2027, on aggregate spending and aggregate utilization of mental health medications, including antipsychotics and antidepressants, during the contract year ending on September 30, 2025. | HLTH 14 |
| 36. | As session law, conditional on federal approval, establishes a 3-year pilot program in FY 2027 through FY 2029 for AHCCCS to cover traditional healing services when delivered at an Urban Indian Organization facility. | HLTH 9 |
| 37. | As session law, exempts AHCCCS from rulemaking requirements for policy changes related to service frequency or hour limitations in FY 2027. Requires that the agency provide an opportunity for public comment at least 30 days before implementing the changes. | HLTH 19 |

Counties

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| 38. | As session law, continues to exclude Proposition 204 administration costs from county expenditure limitations. | HLTH 15 |
| 39. | As session law, sets the FY 2027 County Acute Care contribution at \$42,447,600. | HLTH 13 |
| 40. | As session law, continues to require AHCCCS to transfer any excess monies back to the counties by December 31, 2027, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act. | HLTH 12 |
| 41. | As session law, sets the FY 2027 county Arizona Long Term Care System (ALTCs) contributions at \$445,813,900. | HLTH 10 |

Hospitals

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| 42. | As session law, continues to establish FY 2027 disproportionate share (DSH) distributions to the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center. | HLTH 11 |
| 43. | As session law, continues to require AHCCCS to give priority to rural hospitals in Pool 5 distribution, as well as permit local jurisdictions to provide additional local match for Pool 5 distributions. | HLTH 11 |
| 44. | As session law, continues to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2027 according to county population size. Hospitals in rural counties (i.e., excluding Maricopa, Pima, and Pinal) have first priority; hospitals in Pinal County have second priority; and hospitals in Maricopa and Pima Counties have third priority. | HLTH 11 |
| 45. | As session law, exempts AHCCCS from rulemaking requirements for implementing the hospital assessment in FY 2027 and makes the rulemaking exemption retroactive to July 1, 2026. | HLTH 20 |

Available Funding

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| 46. | As session law, continues to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation. | HLTH 21 |
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HR 1 Implementation

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| 47. | As session law, makes the following changes in AHCCCS enrollment verification and presumptive eligibility in FY 2027: <ul style="list-style-type: none">• Requires AHCCCS to comply with federal Medicaid law and regulations on member eligibility redeterminations, which include a new requirement that states must renew the eligibility of Medicaid expansion adults at least every 6 months beginning January 1, 2027.• Requires AHCCCS to do the following when determining member eligibility:<ul style="list-style-type: none">○ Review Department of Health Services death records.○ Review federal data on out-of-state enrollment in Medicaid, TANF, and SNAP, as well as out-of-state vital death records, to identify potential changes in residency.○ Review Department of Economic Security information on changes to unemployment benefits, employment status, or wages.○ Review Arizona Lottery Commission and Department of Gaming information to identify substantial lottery or gambling winnings, including online gambling winnings. | HLTH 6,7 |
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- Prohibits the use of self-attestation in verifying residency.
 - Prohibits the agency from accepting eligibility determinations made under the federal health insurance exchange without independent agency verification.
 - Regarding the hospital presumptive eligibility program:
 - o Limits the program to children and pregnant women.
 - o Establishes standards for hospitals when making presumptive eligibility determinations.
48. As permanent law, establishes the Arizona Rural Health Transformation (RHT) Fund as a non-appropriated fund under AHCCCS for federal RHT grants. Requires AHCCCS to hold 3 public meetings and provide a report to the JLBC detailing its expenditure plan for federal RHT grants before the Executive branch may spend any of the monies from the fund. HLTH 2

Attorney General

49. As session law, if a local jurisdiction exceeds its expenditure limit in FY 2027 due to spending monies from the One Arizona opioid settlement agreement, the "exceedance" penalty shall be reduced by the amount of the One Arizona distribution. HLTH 17
50. As permanent law, prevent a local government from spending opioid claims-related monies on safer smoking equipment. HLTH 1,22

Department of Health Services

51. As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations. HLTH 16
52. As session law, continues the Dementia Services Program within DHS in FY 2027 and continues to require the Department to develop an Alzheimer's Disease State Plan. Requires DHS to review and submit an updated state plan to the Legislature on or before June 30, 2027. HLTH 8

HIGHER EDUCATION - Chapter 133 (HB 4161)

Arizona Community Colleges

53. As session law, continues to suspend the Operating State Aid funding at levels specified in the General Appropriation Act, which effectively means suspending the formula in FY 2027 for only Maricopa and Pima Counties. HEd 5
54. As session law, continues to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriation Act, which effectively means suspending the inflation adjustment in FY 2027 for all community college districts. HEd 4

Universities

55. As session law, continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into Arizona Financial Aid Trust (AFAT). HEd 3
56. As permanent law, increase the Veterinary Loan Assistance Program maximum from \$100,000 to \$200,000 and require ABOR to distribute funds to veterinarians in proportional distributions to the total assistance amount after each year of the 4 year service requirement. HEd 2
57. As permanent law, amend A.R.S. § 15-1626 to limit the Board of Regents authority to retain University monies to supplement the Board's operating budget to no more than \$5 million annually. HEd 1

HUMAN SERVICES - Chapter 134 (HB 4162)

Arizona Schools for the Deaf and Blind

58. As session law, requires ASDB, on or before November 1, 2026, to transfer existing contracts for supplemental early childhood listening and spoken language services to DES. Further requires the agency to transfer the remaining balance of the FY 2027 appropriation for supplemental early childhood listening and spoken language services to DES. Adds succession language transferring authority, powers, responsibilities, duties, and contracts related to the speech and audition services from ASDB to DES. HS 17,18

Department of Economic Security

59. As session law, establishes the Supplemental Nutrition Assistance Program (SNAP) Fund as a non-appropriated fund used to house the federal share of the administrative costs of SNAP. HS 10
60. As session law, continues to require recipients of Temporary Assistance for Needy Families (TANF) Cash Benefits to pass a drug test to be eligible for benefits if the Department of Economic Security (DES) has reasonable suspicion the recipient uses illegal drugs. HS 15
61. As session law, requires DES to make the following changes regarding SNAP eligibility verification procedures: HS 12,14
- To determine or evaluate SNAP eligibility:
 - Review DES' own information, information from the Lottery Commission and Department of Gaming to identify lottery or gambling winnings under the federal substantial winnings definition.
 - Review information from the Department of Health Services (DHS) that identifies individuals who have had a change in circumstances.
 - Review DES' own information as the state wage information collection agency and the agency that administers unemployment insurance benefits.
 - Review information from the Department of Corrections (ADC) that identifies individuals who have had a change in circumstances that affect SNAP eligibility.
 - Review information from federal sources including information on earned income, death master file, supplemental security income, beneficiary records, earnings and pension, child support enforcement data, and national fleeing felons.
 - Requires DES to review a SNAP case if the Department receives reliable information that indicates a recipient's change in circumstances.
 - Prohibits DES from relying solely on self-attestation to confirm residency for SNAP eligibility except in unusual circumstances.
 - Requires DES to publicly post the number of SNAP cases investigated for intentional program violations or fraud, the number of SNAP cases referred to the Attorney General's office, the amount of improper payments or expenditures, the amount of monies recovered, the amount of monies spent for improper payments as a percentage of cases that were investigated and reviewed, the amount of monies spent by EBT card that occurred outside of the state.
62. As session law, requires DES to submit a report detailing the Department's efforts to improve the quality and timeliness of SNAP eligibility determinations, including specific goals for, actions taken and barriers faced during the reporting period by June 30, 2027. HS 13
63. As session law, requires DES to submit a report on the anticipated SNAP error rate within 30 days of submission of the final month of quality control reviews to the US Department of Agriculture Food and Nutrition Service for FY 2026 and a monthly report on the number of SNAP cases, number of program participants and total benefits paid to persons who are categorically eligible for SNAP. HS 11

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| 64. | As permanent law, beginning July 1, 2027, requires the department to contract with listening and spoken language providers in the state that provide speech and audition services to early intervention programs to infant and toddler children who are deaf or hard of hearing. Further requires the department to refer all eligible families with infants and toddlers who are deaf or hard of hearing to both contracted listening and spoken language providers and ASDB. | HS 6 |
| 65. | As permanent law, modifies the Out-of-School Grant program within DES to state that the program shall target out-of-school time care for school aged children who are at least 5 years old and eligible for or enrolled in Kindergarten and not older than 18. Removes requirement to reduce cost of out-of-school time care by at least two-thirds. | HS 5 |
| 66. | As session law, allow the out-of-school time grant monies for rural communities to be spent for capital purposes in a public building if a school district partners with a nonprofit organization with a history of offering out-of-school time services to eligible pupils. | HS 16 |

Department of Housing

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| 67. | As permanent law, revises the existing order of priority for Housing Trust Fund awards that occur during the first 4 months of each fiscal year. Adds a new first priority of "state matching of monies for various federally funded housing programs". Under current law, the priorities are: 1) emergency shelter facilities, 2) transitional housing units, and 3) shelter for individuals with a serious mental illness. | HS 7 |
| 68. | As permanent law, increase the maximum payment amount from the Mobile Home Relocation Fund by \$10,000 to \$22,500 for single section mobile homes and by \$10,000 to \$30,000 for multi-section mobile homes. Allow tenants to move anywhere within the state. | HS 1,2,3 |

Department of Veterans' Services

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| 69. | As session law, extends the lapsing date of the Military Family Relief Fund by five years, to December 31, 2031. Extends the tax credit from private donations to the fund until December 31, 2031. | HS 4,8,9 |
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K-12 EDUCATION - Chapter 135 (HB 4163)

Arizona Schools for the Deaf and Blind

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| 70. | As permanent law, establish the appropriated Property Proceeds Fund consisting of proceeds from the sale or lease of school buildings or grounds owned by ASDB. Excludes proceeds from leases of property to other schools and leases of property for less than one year. Authorizes the State Treasurer to invest and divest monies in the fund on notice of ASDB and credit any monies earned to the fund. Specifies that in any fiscal year in which the legislature appropriates monies from the fund, ASDB shall prepare and submit an expenditure plan to the Joint Legislative Budget Committee for review. | K12 4 |
| 71. | As permanent law, requires that, prior to the sale of buildings or grounds, ASDB shall order two independent appraisals of the property and submit a proposal to sell the school buildings or grounds to the Joint Committee on Capital Review for review. Requires the sale of ASDB property to adhere to the requirements of A.R.S. 37-803, which governs the disposal of real property for state agencies. | K12 4 |

Department of Education

Formula Requirements

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| 72. | As permanent law, increases the base level (A.R.S. § 15-901B2), the transportation funding levels (A.R.S. § 15-945A5) and the charter school "Additional Assistance" amounts (A.R.S. § 15-185B4) by 2.0% for standard inflation. | K12 1, 2, 3 |
| 73. | As permanent law, update the Qualifying Tax Rate cited in A.R.S. § 41-1276 to reflect the Truth in Taxation rates established for FY 2027. | K12 5 |

Other

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| 74. | As session law, continues stating that it is the intent of the Legislature and Governor that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support and instructional support as defined by the Auditor General. | K12 9 |
| 75. | As session law, continue to notwithstand A.R.S. 15-241 to allow ADE to expend monies in FY 2027 from the Failing Schools Tutoring Fund for school improvement. Require ADE to report on proposed expenditures from the fund to the Governor, Speaker of the House, President of the Senate, JLBC and OSPB by September 1, 2026. | K12 6 |
| 76. | As session law, establish the child sexual abuse and assault awareness and prevention pilot program within ADE. Require ADE to select six public schools that have applied to participate in the pilot program in FY 2028. Participating schools shall develop a child sexual abuse and assault response policy and provide instructional modules and resources to teachers and parents of students regarding the identification and prevention of child sexual abuse and assault. Require ADE to contract with an organization subject to certain requirements to provide the instructional resources, including the provision of printed materials to parents upon request, and requires each participating school to publish a report by October 1, 2028 on the outcomes of the pilot program. | K12 7 |
| 77. | As session law, require ADE to recalculate state aid paid to Alhambra Elementary School District in FY 2025 as a result of a change in the district's assessed valuation, and to increase FY 2027 state aid paid to Alhambra Elementary School District by \$852,200. | K12 8 |

LOCAL GOVERNMENT - Chapter 136 (HB 4164)

Counties and Cities & Towns

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| 78. | As session law, continues to allow counties with a population of less than 250,000 according to the 2020 Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2027, up to \$1,250,000 of county revenue for each county. The bill continues to require counties using this authority to report to the Director of the Joint Legislative Budget Committee (JLBC) on the intended amount and sources of funds by October 1, 2026. | LG 1 |
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STATE PROPERTIES; MANAGEMENT - Chapter 139 (HB 4167)

Statewide

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| 79. | As session law, continues to set the FY 2027 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration at \$17.87/square foot for rentable office space and \$6.43/square foot for rentable storage space. | SPM 1 |
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Arizona Department of Administration

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| 80. | As session law, requires the department to report sales of state property within the Capitol Mall to the Speaker of the House, President of the Senate, and JLBC within 10 days of the final transaction. The report shall include the address, square footage and final sales price of the property. | SPM 2 |
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Legislative Council

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| 81. | As session law, allows Legislative Council to place a plaque in the governmental mall that recognizes the service of the Arizona America 250 Commission. Prohibits public monies and state sponsored fund raising for costs of the plaque. Includes a repeal date of September 30, 2029. | SPM 3 |
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REVENUE - Chapter 137 (HB 4165)

Department of Revenue

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| 82. | As session law, continues to stipulate legislative intent regarding the amounts to be charged to all counties, cities, towns, Council of Governments and regional transportation authorities with a population greater than 800,000 for the DOR Integrated Tax System project. The charges shall not exceed \$1,273,800 for FY 2027. Each local government type is based on that government type's proportionate share of certain state and locally-collected revenues received by those local entities 2 fiscal years prior to the current fiscal year. Once each government type's share of the local assessment has been calculated, population is the basis for determining the apportioning of fees among counties as well as among cities and towns. | REV 4 |
| 83. | As permanent law, extend the end date of the IT charge for the new tax modernization system from FY 2028 to FY 2030 since the charge was suspended for FY 2026 and reduced in FY 2027. | REV 1,3 |
| 84. | As permanent law, clarifies that the IT charge continue to be levied against the reauthorized Maricopa County Road Tax which went into effect on January 1, 2026. | REV 2 |
| 85. | As session law, continues to stipulate legislative intent regarding the amounts to be charged to the 16% recreational marijuana excise tax and the 0.6% education sales tax for the Integrated Tax System Project. The charges shall not exceed \$34,400 and \$154,500, respectively, in FY 2027. | REV 4 |

TAX OMNIBUS - Chapter 140 (HB 4168)

Department of Economic Security

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| 86. | As session law, establishes the non-appropriated Unemployment Insurance Operating Fund for the administrative costs of the unemployment insurance (UI) program. Requires that experienced-rated employers pay a fee equal to 3.15% of their UI tax liability each quarter to the department in Calendar Year 2027. Of these fee collections, the first \$8.0 million is deposited into the Unemployment Insurance Operating Fund, and any monies in excess of \$8.0 million are deposited into the UI Benefits Fund. Requires the department to hold employers harmless by reducing each employer's UI tax liability by (3.15)% each quarter. Includes a repeal date of December 31, 2027. | TAX 33 |
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Department of Revenue

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| 87. | As permanent law, conforms Arizona state statute to the Internal Revenue Code retroactively to Tax Year (TY) 2025 to reflect the federal tax changes enacted in H.R. 1, including: <ul style="list-style-type: none">• Increase of standard deduction to match federal amounts in TY 2025. Beginning in TY 2026, Arizona amounts are adjusted for inflation annually based on the same inflation index used to adjust the federal amounts.• Deduction of up to \$25,000 for tips, beginning in TY 2025.• Deduction of up to \$12,500/\$25,000 for overtime compensation, beginning in TY 2025.• Deduction of up to \$6,000 for taxpayers aged 65 and older (seniors), beginning in TY 2025.• Deduction of up to \$10,000 for new auto loan interest for TY 2025 only.• Deduction of up to \$1,000/\$2,000 for charitable contributions by non-itemizing taxpayers, beginning in TY 2026. | TAX
9,12,15,16,35 |
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88.	As permanent law, beginning in TY 2026, <u>excludes</u> the following provisions that are included in H.R. 1:	TAX
	• Deduction of up to \$10,000 for new auto loan interest. • Increase of the cap for the state and local tax (SALT) deduction from \$10,000 to \$40,000. • 100% special depreciation allowance (full first-year expensing) for nonresidential real property used for “qualified production activity,” which includes manufacturing, agricultural and chemical production, as well as refining.	14,15,17,22,35
89.	As permanent law, beginning in TY 2026, <u>adds</u> the following policies beyond those included in H.R. 1:	TAX 15,18
	• Increase of the current dependent tax credit from \$100 to \$125 for dependents under 17 years old. • Create a deduction for child and dependent care expenses in excess of the tax filer's federal Child and Dependent Care Credit.	
90.	As permanent law, repeals retroactively to TY 2026, the corporate income tax credit for Pollution Control Equipment under A.R.S. §43-1170. Credit is equal to 10% of the cost of equipment used to control or prevent pollution, up to a maximum of \$500,000.	TAX 13,27,34,36
91.	As permanent law, repeals retroactively to TY 2026, the individual, corporate, and insurance premium tax credit for New Employment under A.R.S. §41-1525 / §43-1074 / §43-1161 / §20-224.03. Credit is equal to \$3,000 per net new job added by an employer claimed over 3 years for a cumulative total of up to \$9,000.	TAX 3,8,19,24,34,36
92.	As permanent law, repeals retroactively to TY 2026, the individual and corporate <u>refundable</u> Research and Development (R&D) credit under A.R.S. §41-1507 / §43-1074.01C / §43-1168C.	TAX 8,20,26,34,35,36
93.	As permanent law, states that, after the payment of operating expenses and debt service, at least 80% of the Rio Nuevo District state sales tax diversion program funding must be expended on Transaction Privilege Tax (TPT) generating projects.	TAX 29
94.	As permanent law, cap the aggregate dollar level of the Corporate Low-Income Student Tuition Tax Credit at \$110 million annually, beginning in FY 2027.	TAX 28
95.	As permanent law, increase cap on public infrastructure improvement spending by \$50 million for 3 years (which would increase the program's cumulative cap from \$200 million to \$350 million). This existing program reimburses cities and counties for their cost of public infrastructure improvements associated with manufacturing facilities. The bill also includes the following changes:	TAX 10,32,34,35,36
	• Reduces the percentage of local government infrastructure costs to be reimbursed from 80% to 75%. • Increases the minimum capital investment made by a manufacturing facility for a municipality or county to qualify for reimbursement. These will be \$3 billion for counties with more than 800,000 residents and \$100 million for counties with fewer residents. The current investment thresholds are \$500 million and \$50 million, respectively. • Requires the local government to provide at least 5% of the construction funding for infrastructure improvements. • Requires the local entity to provide DOR an analysis of the direct and indirect revenue impact to the state from any infrastructure improvements. • Requires DOR to post development and intergovernmental agreements with municipalities online. • Codifies a mechanism that allows DOR to continuously process and allocate claims through the end of the 3 years. • Provides requests for payments from local governments received by DOR between June 1, 2026 and the general effective date be processed and paid beginning on the general effective date. • Expands the definition of "public infrastructure" to include reclamation, recycling, treatment, and storage of wastewater. The current allowable activities are water production, wastewater production, deliver and disposal facilities and roads necessary to support the activities of the manufacturing facility being constructed. • Effective retroactive from July 1, 2026.	6

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| 96. | As session law, prohibits the Arizona Commerce Authority from accepting applications for any new computer data center certifications to qualify for TPT exemptions from July 1, 2026 through June 30, 2029 and further clarifies that no new data center can qualify for data center equipment TPT exemption during this period. | TAX 31 |
| 97. | As permanent law, expands the disabled veteran property tax exemption to allow the surviving spouse of a disabled veteran to continue to claim the exemption if the spouse moves to another property in which the surviving spouse and the deceased veteran did not reside. | TAX 11,34 |
| 98. | As permanent law, removes the income limits for disabled veterans and their surviving spouses to be eligible to receive either a partial or full property tax exemption on their primary residence, beginning in TY 2027. Does not modify existing calculation formula for the exemption. | TAX 11,34 |
| 99. | As session law, states that all Pinal County transportation excise tax monies that remain in an escrow account in the county or held by the department after the refunds have been processed must remain in these accounts until otherwise appropriated by the Legislature. Applies the section retroactively to April 10, 2026. | TAX 30 |

TRANSPORTATION - Chapter 141 (HB 4169)

Department of Transportation

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| 100. | As permanent law, transfers \$2.5 million annually from the Highway User Revenue Fund (HURF) into the State Match Advantage for Rural Transportation (SMART) Fund. Further repeals the \$1.0 million annual transfer from HURF into the Economic Strength Projects Fund. Repeals the Economic Strength Project Fund in FY 2035. | TR 1,2,3,4 |
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