

PROPOSED  
SENATE AMENDMENTS TO H.C.R. 2016  
(Reference to House engrossed resolution)

1 Strike everything after the resolving clause and insert:

2 "1. Under the power of the referendum, as vested in the  
3 Legislature, the following measure, relating to municipal and county fees,  
4 is enacted to become valid as a law if approved by the voters and on  
5 proclamation of the Governor:

6 AN ACT

7 AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED  
8 STATUTES, BY ADDING SECTION 9-500.54; REPEALING SECTION  
9 9-500.54, ARIZONA REVISED STATUTES; AMENDING TITLE 11, CHAPTER  
10 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION  
11 11-269.31; REPEALING SECTION 11-269.31, ARIZONA REVISED  
12 STATUTES; RELATING TO MUNICIPAL AND COUNTY FEES.

13 Be it enacted by the Legislature of the State of Arizona:

14 Section 1. Title 9, chapter 4, article 8, Arizona  
15 Revised Statutes, is amended by adding section 9-500.54, to  
16 read:

17 9-500.54. Municipal fees; taxes; utility rates;  
18 increase; moratorium; applicability;  
19 exceptions; enforcement; definitions

20 A. NOTWITHSTANDING ANY OTHER LAW, ORDINANCE, CHARTER  
21 PROVISION OR RESOLUTION, BEGINNING JULY 1, 2026 THROUGH JUNE  
22 30, 2030, A MUNICIPALITY MAY NOT ADOPT, IMPOSE OR COLLECT ANY  
23 OF THE FOLLOWING:

24 1. A FEE THAT IS IN AN AMOUNT GREATER THAN THE AMOUNT  
25 THAT IS AUTHORIZED IN THE FEE SCHEDULE THAT HAS BEEN ADOPTED  
26 BY THE MUNICIPALITY AS PART OF THE MUNICIPALITY'S 2025-2026  
27 FISCAL YEAR BUDGET, INCLUDING ANY FEE SCHEDULE THAT IS ADOPTED  
28 BY AN ORDINANCE OR RESOLUTION OR THAT IS INCORPORATED BY  
29 REFERENCE.

30 2. ANY TRANSACTION PRIVILEGE TAX OR SURCHARGE INCREASE  
31 BEYOND THE RATE THAT IS IN EFFECT ON JUNE 30, 2026.

32 3. A RATE THAT IS IMPOSED FOR UTILITY SERVICE PROVIDED  
33 BY THE MUNICIPALITY AND THAT IS GREATER THAN THE UTILITY RATE  
34 THAT IS AUTHORIZED AS PART OF THE MUNICIPALITY'S 2025-2026  
35 FISCAL YEAR BUDGET OR UTILITY RATE SCHEDULE, EXCEPT THAT A  
36 MUNICIPALITY THAT HAS NOT RAISED UTILITY RATES BY A CUMULATIVE  
37 AMOUNT OF TWELVE PERCENT OR MORE IN THE PRECEDING FOUR FISCAL  
38 YEARS MAY INCREASE UTILITY RATES BY AN AMOUNT THAT IS NOT MORE  
39 THAN THE RATE OF INFLATION AS DETERMINED BY THE CONSUMER PRICE

1 INDEX AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR,  
2 BUREAU OF LABOR STATISTICS.

3 B. NOTWITHSTANDING ANY OTHER LAW, ORDINANCE, CHARTER  
4 PROVISION OR RESOLUTION, BEGINNING JULY 1, 2026 THROUGH JUNE  
5 30, 2030, A MUNICIPALITY MAY NOT ADOPT OR IMPOSE A NEW TAX  
6 CLASSIFICATION OR EXPAND THE TAX BASE TO ADDITIONAL TAXPAYERS.

7 C. IF A MUNICIPALITY HAS NOT ADOPTED A CONSOLIDATED OR  
8 COMPREHENSIVE FEE, TAX OR UTILITY RATE SCHEDULE AS PART OF THE  
9 MUNICIPALITY'S 2025-2026 FISCAL YEAR BUDGET, THE APPLICABLE  
10 FEE, TAX OR UTILITY RATE, FOR THE PURPOSES OF THE FEE, TAX OR  
11 UTILITY RATE LIMITS PRESCRIBED IN SUBSECTION A OF THIS  
12 SECTION, SHALL BE THE HIGHEST FEE, TAX OR UTILITY RATE THAT IS  
13 IMPOSED BY THE MUNICIPALITY AT ANY TIME DURING THE 2025-2026  
14 FISCAL YEAR.

15 D. A MUNICIPALITY MAY NOT CIRCUMVENT THIS SECTION BY  
16 DOING ANY OF THE FOLLOWING:

17 1. RENAMING, RECLASSIFYING OR RESTRUCTURING A FEE, TAX  
18 OR UTILITY RATE.

19 2. ALTERING METHODOLOGIES, ASSUMPTIONS, SERVICE AREAS,  
20 CUSTOMER CLASSES OR COST-ALLOCATION PRACTICES.

21 3. IMPOSING A NEW CHARGE THAT IS SUBSTANTIALLY SIMILAR  
22 IN EFFECT TO AN INCREASE IN A FEE, TAX OR UTILITY RATE THAT IS  
23 PROHIBITED BY THIS SECTION.

24 4. ADOPTING OR AMENDING A FEE, TAX OR UTILITY RATE  
25 SCHEDULE DURING THE 2025-2026 FISCAL YEAR FOR THE PRIMARY  
26 PURPOSE OF AVOIDING THE APPLICATION OF THIS SECTION.

27 E. THIS SECTION APPLIES TO ALL MUNICIPAL FEES, TAXES  
28 AND UTILITY RATES, REGARDLESS OF THE NAME OR TITLE, THAT ARE  
29 IMPOSED AS A CONDITION OF ANY OF THE FOLLOWING:

30 1. CONDUCTING A TAXABLE TRANSACTION.

31 2. RECEIVING A GOVERNMENTAL SERVICE.

32 3. OBTAINING A PERMIT, LICENSE, APPROVAL OR INSPECTION.

33 4. CONNECTING TO OR RECEIVING A MUNICIPALLY PROVIDED  
34 UTILITY SERVICE.

35 5. DEVELOPMENT, CONSTRUCTION, OCCUPANCY, OPERATION OR  
36 CHANGE IN USE.

37 F. THIS SECTION DOES NOT APPLY TO ANY OF THE FOLLOWING:

38 1. AN INCREASE IN A MUNICIPAL TAX IF ALL OF THE  
39 FOLLOWING APPLY:

40 (a) THE TAX INCREASE IS APPROVED BY THE QUALIFIED  
41 ELECTORS OF THE MUNICIPALITY.

42 (b) AT LEAST SIXTY PERCENT OF THE VOTES CAST AT THE  
43 ELECTION ARE CAST IN FAVOR OF THE MEASURE.

44 (c) THE ELECTION IS HELD ON A CONSOLIDATED ELECTION  
45 DATE IN AN EVEN-NUMBERED YEAR PURSUANT TO SECTION 16-204.

46 2. AD VALOREM TAXES OR SPECIAL ASSESSMENTS LEVIED TO  
47 PAY THE PRINCIPAL OF AND THE INTEREST AND REDEMPTION CHARGES  
48 ON BONDED INDEBTEDNESS OR OTHER LAWFUL LONG-TERM OBLIGATIONS  
49 ISSUED OR INCURRED FOR A SPECIFIC PURPOSE.

1           3. AD VALOREM TAXES OR ASSESSMENTS LEVIED BY OR FOR  
2 PROPERTY IMPROVEMENT ASSESSMENT DISTRICTS, IMPROVEMENT  
3 DISTRICTS AND OTHER SPECIAL PURPOSE DISTRICTS OTHER THAN A  
4 MUNICIPALITY OR COMMUNITY COLLEGE DISTRICT.

5           4. THE INITIAL ADOPTION OF A MUNICIPALITY'S TAX, FEE OR  
6 UTILITY RATE STRUCTURE IF THE MUNICIPALITY WAS INCORPORATED  
7 WITHIN THE TWO CALENDAR YEARS BEFORE THE EFFECTIVE DATE OF  
8 THIS SECTION. THIS SECTION APPLIES TO THE MUNICIPALITY  
9 DESCRIBED IN THIS PARAGRAPH AFTER THE MUNICIPALITY INITIALLY  
10 ADOPTS THE TAX, FEE OR UTILITY RATE STRUCTURE.

11           G. THIS SECTION DOES NOT PROHIBIT ANY OF THE FOLLOWING:

12           1. THE EXPIRATION, REDUCTION OR ELIMINATION OF A FEE,  
13 TAX OR UTILITY RATE.

14           2. THE COLLECTION OF A FEE, TAX OR UTILITY RATE THAT IS  
15 AT OR BELOW THE AMOUNT THAT IS AUTHORIZED PURSUANT TO  
16 SUBSECTIONS A AND C OF THIS SECTION.

17           3. AN INCREASE IN TOTAL REVENUE THAT RESULTS SOLELY  
18 FROM AN INCREASE IN SERVICE DEMAND, USAGE OR GROWTH IN THE TAX  
19 BASE.

20           4. THE ADOPTION, IMPOSITION OR COLLECTION OF A NEW OR  
21 INCREASED RATE OR FEE PURSUANT TO SECTION 9-463.05 OR 9-511.01  
22 TO FUND THE ACQUISITION AND DELIVERY OF NEW OR ADDITIONAL  
23 WATER RESOURCES, INCLUDING THE COST OF ANY PREVIOUSLY INCURRED  
24 OR FUTURE DEBT SERVICE OBLIGATIONS, NEEDED STORAGE, TREATMENT  
25 OR DELIVERY INFRASTRUCTURE AND OPERATING AND MAINTENANCE  
26 COSTS.

27           H. A FEE, TAX OR UTILITY RATE ADOPTED, IMPOSED OR  
28 COLLECTED THAT IS IN VIOLATION OF THIS SECTION IS VOID. A  
29 MUNICIPALITY THAT ADOPTS, IMPOSES OR COLLECTS A FEE, TAX OR  
30 UTILITY RATE THAT IS IN VIOLATION OF THIS SECTION IS SUBJECT  
31 TO ENFORCEMENT PURSUANT TO SECTION 41-194.01.

32           I. A TAXPAYER, RESIDENT, BUSINESS OR PROPERTY OWNER  
33 THAT IS AGGRIEVED BY A VIOLATION OF THIS SECTION MAY BRING AN  
34 ACTION FOR DECLARATORY OR INJUNCTIVE RELIEF IN A COURT OF  
35 COMPETENT JURISDICTION. THE COURT MAY AWARD REASONABLE  
36 ATTORNEY FEES AND COSTS TO A PREVAILING PLAINTIFF.

37           J. FOR THE PURPOSES OF THIS SECTION:

38           1. "FEE" MEANS ANY CHARGE IMPOSED BY A MUNICIPALITY  
39 THAT IS NOT A TAX OR UTILITY RATE, REGARDLESS OF THE NAME OR  
40 TITLE.

41           2. "UTILITY SERVICE":  
42           (a) MEANS MUNICIPALLY PROVIDED UTILITY SERVICES.  
43           (b) INCLUDES WATER, WASTEWATER, STORMWATER, SOLID  
44 WASTE, ELECTRIC, GAS OR SIMILAR SERVICES.

45           Sec. 2. Delayed repeal  
46           Section 9-500.54, Arizona Revised Statutes, as added by  
47 this act, is repealed from and after June 30, 2030.

1           Sec. 3. Title 11, chapter 2, article 4, Arizona Revised  
2 Statutes, is amended by adding section 11-269.31, to read:

3           11-269.31. County fees; taxes; utility rates; increase;  
4           moratorium; applicability; exceptions;  
5           enforcement; definitions

6           A. NOTWITHSTANDING ANY OTHER LAW, ORDINANCE, CHARTER  
7 PROVISION OR RESOLUTION, BEGINNING JULY 1, 2026 THROUGH JUNE  
8 30, 2030, A COUNTY MAY NOT ADOPT, IMPOSE OR COLLECT ANY OF THE  
9 FOLLOWING:

10           1. A FEE THAT IS IN AN AMOUNT GREATER THAN THE AMOUNT  
11 THAT IS AUTHORIZED IN THE FEE SCHEDULE THAT HAS BEEN ADOPTED  
12 BY THE COUNTY AS PART OF THE COUNTY'S 2025-2026 FISCAL YEAR  
13 BUDGET, INCLUDING ANY FEE SCHEDULE THAT IS ADOPTED BY AN  
14 ORDINANCE OR RESOLUTION OR THAT IS INCORPORATED BY REFERENCE.

15           2. ANY TRANSACTION PRIVILEGE TAX OR SURCHARGE INCREASE  
16 BEYOND THE RATE THAT IS IN EFFECT ON JUNE 30, 2026.

17           3. A RATE THAT IS IMPOSED FOR UTILITY SERVICE PROVIDED  
18 BY THE COUNTY AND THAT IS GREATER THAN THE UTILITY RATE THAT  
19 IS AUTHORIZED AS PART OF THE COUNTY'S 2025-2026 FISCAL YEAR  
20 BUDGET OR UTILITY RATE SCHEDULE.

21           B. NOTWITHSTANDING ANY OTHER LAW, ORDINANCE, CHARTER  
22 PROVISION OR RESOLUTION, BEGINNING JULY 1, 2026 THROUGH JUNE  
23 30, 2030, A COUNTY MAY NOT ADOPT OR IMPOSE A NEW TAX  
24 CLASSIFICATION OR EXPAND THE TAX BASE TO ADDITIONAL TAXPAYERS.

25           C. IF A COUNTY HAS NOT ADOPTED A CONSOLIDATED OR  
26 COMPREHENSIVE FEE, TAX OR UTILITY RATE SCHEDULE AS PART OF THE  
27 COUNTY'S 2025-2026 FISCAL YEAR BUDGET, THE APPLICABLE FEE, TAX  
28 OR UTILITY RATE, FOR THE PURPOSES OF THE FEE, TAX OR UTILITY  
29 RATE LIMITS PRESCRIBED IN SUBSECTION A OF THIS SECTION, SHALL  
30 BE THE HIGHEST FEE, TAX OR UTILITY RATE THAT IS IMPOSED BY THE  
31 COUNTY AT ANY TIME DURING THE 2025-2026 FISCAL YEAR.

32           D. A COUNTY MAY NOT CIRCUMVENT THIS SECTION BY DOING  
33 ANY OF THE FOLLOWING:

34           1. RENAMING, RECLASSIFYING OR RESTRUCTURING A FEE, TAX  
35 OR UTILITY RATE.

36           2. ALTERING METHODOLOGIES, ASSUMPTIONS, SERVICE AREAS,  
37 CUSTOMER CLASSES OR COST-ALLOCATION PRACTICES.

38           3. IMPOSING A NEW CHARGE THAT IS SUBSTANTIALLY SIMILAR  
39 IN EFFECT TO AN INCREASE IN A FEE, TAX OR UTILITY RATE THAT IS  
40 PROHIBITED BY THIS SECTION.

41           4. ADOPTING OR AMENDING A FEE, TAX OR UTILITY RATE  
42 SCHEDULE DURING THE 2025-2026 FISCAL YEAR FOR THE PRIMARY  
43 PURPOSE OF AVOIDING THE APPLICATION OF THIS SECTION.

44           E. THIS SECTION APPLIES TO ALL COUNTY FEES, TAXES AND  
45 UTILITY RATES, REGARDLESS OF THE NAME OR TITLE, THAT ARE  
46 IMPOSED AS A CONDITION OF ANY OF THE FOLLOWING:

47           1. CONDUCTING A TAXABLE TRANSACTION.

48           2. RECEIVING A GOVERNMENTAL SERVICE.

49           3. OBTAINING A PERMIT, LICENSE, APPROVAL OR INSPECTION.

1           4. CONNECTING TO OR RECEIVING A COUNTY-PROVIDED UTILITY  
2 SERVICE.  
3           5. DEVELOPMENT, CONSTRUCTION, OCCUPANCY, OPERATION OR  
4 CHANGE IN USE.  
5           F. THIS SECTION DOES NOT APPLY TO ANY OF THE FOLLOWING:  
6           1. AN INCREASE IN A COUNTY TAX IF ALL OF THE FOLLOWING  
7 APPLY:  
8           (a) THE TAX INCREASE IS APPROVED BY THE QUALIFIED  
9 ELECTORS OF THE COUNTY.  
10          (b) AT LEAST SIXTY PERCENT OF THE VOTES CAST AT THE  
11 ELECTION ARE CAST IN FAVOR OF THE MEASURE.  
12          (c) THE ELECTION IS HELD ON A CONSOLIDATED ELECTION  
13 DATE IN AN EVEN-NUMBERED YEAR PURSUANT TO SECTION 16-204.  
14          2. AD VALOREM TAXES OR SPECIAL ASSESSMENTS LEVIED TO  
15 PAY THE PRINCIPAL OF AND THE INTEREST AND REDEMPTION CHARGES  
16 ON BONDED INDEBTEDNESS OR OTHER LAWFUL LONG-TERM OBLIGATIONS  
17 ISSUED OR INCURRED FOR A SPECIFIC PURPOSE.  
18          3. AD VALOREM TAXES OR ASSESSMENTS LEVIED BY OR FOR  
19 PROPERTY IMPROVEMENT ASSESSMENT DISTRICTS, IMPROVEMENT  
20 DISTRICTS AND OTHER SPECIAL PURPOSE DISTRICTS OTHER THAN A  
21 COUNTY OR COMMUNITY COLLEGE DISTRICT.  
22          4. AD VALOREM TAXES LEVIED BY A COUNTY FOR SUPPORT OF A  
23 SCHOOL DISTRICT.  
24          G. THIS SECTION DOES NOT PROHIBIT ANY OF THE FOLLOWING:  
25          1. THE EXPIRATION, REDUCTION OR ELIMINATION OF A FEE,  
26 TAX OR UTILITY RATE.  
27          2. THE COLLECTION OF A FEE, TAX OR UTILITY RATE THAT IS  
28 AT OR BELOW THE AMOUNT THAT IS AUTHORIZED PURSUANT TO  
29 SUBSECTIONS A AND C OF THIS SECTION.  
30          3. AN INCREASE IN TOTAL REVENUE THAT RESULTS SOLELY  
31 FROM AN INCREASE IN SERVICE DEMAND, USAGE OR GROWTH IN THE TAX  
32 BASE.  
33          H. A FEE, TAX OR UTILITY RATE ADOPTED, IMPOSED OR  
34 COLLECTED THAT IS IN VIOLATION OF THIS SECTION IS VOID. A  
35 COUNTY THAT ADOPTS, IMPOSES OR COLLECTS A FEE, TAX OR UTILITY  
36 RATE THAT IS IN VIOLATION OF THIS SECTION IS SUBJECT TO  
37 ENFORCEMENT PURSUANT TO SECTION 41-194.01.  
38          I. A TAXPAYER, RESIDENT BUSINESS OR PROPERTY OWNER WHO  
39 IS AGGRIEVED BY A VIOLATION OF THIS SECTION MAY BRING AN  
40 ACTION FOR DECLARATORY OR INJUNCTIVE RELIEF IN A COURT OF  
41 COMPETENT JURISDICTION. THE COURT MAY AWARD REASONABLE  
42 ATTORNEY FEES AND COSTS TO A PREVAILING PLAINTIFF.  
43          J. FOR THE PURPOSES OF THIS SECTION:  
44          1. "FEE" MEANS ANY CHARGE IMPOSED BY A COUNTY THAT IS  
45 NOT A TAX OR UTILITY RATE, REGARDLESS OF THE NAME OR TITLE.  
46          2. "UTILITY SERVICE":  
47          (a) MEANS COUNTY-PROVIDED UTILITY SERVICES.  
48          (b) INCLUDES WATER, WASTEWATER, STORMWATER, SOLID  
49 WASTE, ELECTRIC, GAS OR SIMILAR SERVICES.

1           Sec. 4. Delayed repeal

2           Section 11-269.31, Arizona Revised Statutes, as added by  
3 this act, is repealed from and after June 30, 2030.

4           Sec. 5. Severability

5           If a provision of this act or its application to any  
6 person or circumstance is held invalid, the invalidity does  
7 not affect other provisions or applications of the act that  
8 can be given effect without the invalid provision or  
9 application, and to this end the provisions of this act are  
10 severable.

11          Sec. 6. Legislative findings and intent

12          A. The legislature finds that:

13           1. Arizona residents and businesses continue to  
14 experience elevated inflation and rising costs, including  
15 housing, utilities, construction, labor and essential  
16 services, placing increased pressure on household budgets and  
17 economic activity.

18           2. Local government taxes, fees and utility rates  
19 materially affect affordability, business formation, housing  
20 development and the overall cost of living throughout this  
21 state.

22           3. Municipalities and counties regularly adopt annual  
23 budgets, tax rates and fee and utility rate schedules, which  
24 reflect policy judgments about reasonable and necessary  
25 charges for services at a given point in time.

26           4. Advancements in technology, including artificial  
27 intelligence and automation, present unprecedented  
28 opportunities for local governments to streamline operations,  
29 improve service delivery, increase productivity, and reduce  
30 the need for ongoing growth in full-time staffing levels.

31           5. This state has recognized the importance of  
32 operational efficiency, including through executive  
33 initiatives such as the Arizona capacity and efficiency  
34 initiative, which emphasizes identifying efficiencies,  
35 modernizing operations and improving government performance,  
36 recognizing potentially hundreds of millions of dollars in  
37 cost savings that should be passed on to taxpayers.

38           6. Temporary restraint on local fee, tax and utility  
39 rate increases encourages local governments to prioritize  
40 efficiency, innovation and responsible fiscal management,  
41 while preserving the ability to meet service demands through  
42 improved processes and increased service volume.

43           7. Local governments retain discretion to manage  
44 expenditures, staffing, service levels and capital planning  
45 within existing fee, tax and utility rate structures during  
46 the moratorium period.

- 1           B. It is the intent of the legislature to:
- 2           1. Provide temporary relief to residents and businesses
- 3           by stabilizing locally imposed fees, taxes and utility rates
- 4           during a period of elevated inflation and economic
- 5           uncertainty.
- 6           2. Encourage local governments to pursue efficiencies
- 7           and modernization before increasing costs borne by residents
- 8           and businesses.
- 9           3. Preserve predictability and transparency in local
- 10          government fee, tax and rate structures by anchoring charges
- 11          to duly adopted budgets and schedules.
- 12          4. Respect constitutional limitations, existing
- 13          contractual obligations and voter-approved authorities, while
- 14          promoting affordability and economic stability statewide.
- 15          Sec. 7. Short title
- 16          This act may be cited as the "Local Cost-of-Living
- 17          Protection Act".
- 18          2. The Secretary of State shall submit this proposition to the
- 19          voters at the next general election as provided by article IV, part 1,
- 20          section 1, Constitution of Arizona."
- 21          Amend title to conform

JAKE HOFFMAN

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