



ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session

Majority Research Staff

House: WM DP 5-4-0-0

HCR 2052: rates; fees; taxes; increases; moratorium

Sponsor: Representative Olson, LD 10

House Engrossed

Overview

Prohibits, a municipality and a county from adopting, imposing or collecting increased fees, transaction privilege tax and utility rates, beginning July 1, 2026 through June 30, 2030.

History

Municipalities and counties raise revenues that reflect policy judgments regarding reasonable and necessary charges for services each Fiscal Year (FY) to deliver quality services in an affordable, efficient and cost-effective basis. Cities and counties have a responsibility to account for their public funds, to manage their finances wisely and to plan for the adequate funding of services desired by the public.

Provisions

Municipal and County Fees, Transaction Privilege Tax and Utility Rate Moratorium

1. Prohibits, beginning July 1, 2026, through June 30, 2030, a municipality and a county from adopting, imposing or collecting any of the following:
 - a. a fee that is a greater amount than the amount authorized in the fee schedule that has been adopted by a municipality and a county as part of a municipality's or a county's FY 2026 budget, including any fee schedule that is adopted by an ordinance or resolution or that is incorporated by reference;
 - b. any transaction privilege tax or surcharge increase beyond the rate that is in effect on June 30, 2026; and
 - c. a rate imposed for utility service provided by a municipality or a county and that is greater than the utility rate authorized in a municipality's or a county's FY 2026 budget or utility rate schedule. (Sec. 1,3)
2. Exempts a municipality that has not raised utility rates by more than 12% in the prior four FYs from the moratorium but only allows for an increase up to the rate of inflation determined by the consumer price index. (Sec. 1)
3. Prohibits a municipality and a county from adopting or imposing new tax classification or expand the tax base to additional taxpayers, beginning July 1, 2026, through June 30, 2030. (Sec. 1,3)
4. Mandates that if a municipality and a county has not adopted a consolidated or comprehensive fee, tax or utility rate schedule as part of a municipality's and a county's FY 2026 budget, the applicable fee, tax or utility rate will be the highest fee imposed by the municipality or the county at any time during the FY 2026. (Sec. 1,3)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note

5. Prohibits a municipality and a county from circumventing any of these prohibitions by doing any of the following:
 - a. renaming, reclassifying or restricting a fee, tax or utility rate;
 - b. altering methodologies, assumptions, service areas, customer classes or cost allocation practices;
 - c. imposing a new charge that is substantially similar in effect to an increase in a fee, tax or utility rate that is prohibited by these changes; and
 - d. adopting or amending a fee, tax or utility rate schedule during the FY 2026 for the primary purpose of avoiding the application of the changes. (Sec. 1,3)
6. Specifies that these prohibitions apply to all municipal and county fees, taxes and utility rates, regardless of the name or title, that are imposed as a condition of any of the following:
 - a. conducting a taxable transaction;
 - b. receiving a governmental service;
 - c. obtaining a permit, license, approval or inspection;
 - d. connecting to or receiving municipally or county-provided utility service; or
 - e. development, construction, occupancy, operation or change in use. (Sec. 1,3)
7. Specifies that these prohibitions do not apply to an increase in a municipal or a county tax if all the following apply:
 - a. if the tax increase is approved by the qualified electors of the municipality or county;
 - b. at least 60% of the votes cast at the election are cast in favor of the measure; and
 - c. the election is held on a consolidated election date in an even-numbered year. (Sec. 1,3)
8. States that the moratorium on municipal and county fees, taxes and utility rates does not apply to ad valorem taxes or special assessments levied to pay for:
 - a. the principal, interest and redemption charges on bonded indebtedness and other lawful long-term obligations;
 - b. property improvement assessment districts, improvement districts and other special purpose districts; and
 - c. the support of a school district. (Sec. 1, 3)
9. States that the moratorium on municipal fees, taxes and utility rates does not apply when paying for the initial adoption of a municipality's tax, fee or utility rate structure if the municipality was incorporated within two calendar years of this Act becoming effective. (Sec. 1)
10. Specifies that these prohibitions don't apply to any of the following:
 - a. the expiration, reduction or elimination of fee, tax or utility rate;
 - b. the collection of a fee, tax or utility rate that is at or below the amount that of the highest fee imposed; and
 - c. An increase in total revenue that results solely from an increase in service demand, usage or growth in the tax base. (Sec. 1,3)
11. Allows a municipality to adopt, impose or collect a new or increased rate or fee to fund the acquisition and delivery of new or additional water resources. (Sec. 1)

Violation and Enforcement

12. Specifies if a fee, tax or utility rate is adopted, imposed or collected that is in violation of these prohibitions is void. A county or municipality that adopts, imposes or collects a fee, tax or utility rate that is in these prohibitions is subject to enforcement by the attorney general and has 30 days to resolve the issue. (Sec. 1,3)
13. Specifies that a taxpayer, resident, business or property owner that is aggrieved by a violation these prohibitions can bring an action for declaratory or injunctive relief in a court of competent jurisdiction. The court may award reasonable attorney fees and costs to a prevailing plaintiff. (Sec. 1,3)

Delayed Repeals

14. Repeals A.R.S. § 9-500.54 as added by this act effective July 1, 2030. (Sec. 2)
15. Repeals A.R.S. § 11-269.31 as added by this act effective July 1, 2030. (Sec. 4)

Miscellaneous

16. Defines fee and utility service. (Sec. 1,3)
17. Contains a severability clause. (Sec. 5)
18. Contains a legislative findings and intent clause. (Sec. 6)