

REFERENCE TITLE: individual income tax; rate; increase

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 2636

Introduced by
Representatives Sandoval: Abeytia, Aguilar, Austin, Connolly, Contreras L,
Garcia, Liguori, Luna-Nájera, Márquez, Peshlakai, Simacek, Stahl Hamilton,
Tsosie, Villegas

AN ACT

AMENDING SECTION 43-1011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 412, SECTION 15; REPEALING SECTION 43-1011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 411, SECTION 4; RELATING TO INDIVIDUAL INCOME TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-1011, Arizona Revised Statutes, as amended by
3 Laws 2021, chapter 412, section 15, is amended to read:

4 43-1011. Taxes and tax rates

5 A. There shall be levied, collected and paid for each taxable year
6 on the entire taxable income of every resident of this state and on the
7 entire taxable income of every nonresident that is derived from sources
8 within this state taxes determined in the following manner:

9 1. For taxable years beginning from and after December 31, 1996
10 through December 31, 1997:

11 (a) In the case of a single person or a married person filing
12 separately:

13 If taxable income is:

The tax is:

14 \$0 – \$10,000

2.90% of taxable income

15 \$10,001 – \$25,000

\$290, plus 3.30% of the excess
over \$10,000

16 \$25,001 – \$50,000

\$785, plus 3.90% of the excess
over \$25,000

17 \$50,001 – \$150,000

\$1,760, plus 4.80% of the excess
over \$50,000

18 \$150,001 and over

\$6,560, plus 5.17% of the excess
over \$150,000

19 (b) In the case of a married couple filing a joint return or a
20 single person who is a head of a household:

21 If taxable income is:

The tax is:

22 \$0 – \$20,000

2.90% of taxable income

23 \$20,001 – \$50,000

\$580, plus 3.30% of the excess
over \$20,000

24 \$50,001 – \$100,000

\$1,570, plus 3.90% of the excess
over \$50,000

25 \$100,001 – \$300,000

\$3,520, plus 4.80% of the excess
over \$100,000

26 \$300,001 and over

\$13,120, plus 5.17% of the
excess over \$300,000

27 2. For taxable years beginning from and after December 31, 1997
28 through December 31, 1998:

29 (a) In the case of a single person or a married person filing
30 separately:

31 If taxable income is:

The tax is:

32 \$0 – \$10,000

2.88% of taxable income

33 \$10,001 – \$25,000

\$288, plus 3.24% of the excess
over \$10,000

34 \$25,001 – \$50,000

\$774, plus 3.82% of the excess
over \$25,000

1	\$50,001 – \$150,000	\$1,729, plus 4.74% of the excess
2		over \$50,000
3	\$150,001 and over	\$6,469, plus 5.10% of the excess
4		over \$150,000

5 (b) In the case of a married couple filing a joint return or a
6 single person who is a head of a household:

7	<u>If taxable income is:</u>	<u>The tax is:</u>
8	\$0 – \$20,000	2.88% of taxable income
9	\$20,001 – \$50,000	\$576, plus 3.24% of the excess
10		over \$20,000
11	\$50,001 – \$100,000	\$1,548, plus 3.82% of the excess
12		over \$50,000
13	\$100,001 – \$300,000	\$3,458, plus 4.74% of the excess
14		over \$100,000
15	\$300,001 and over	\$12,938, plus 5.10% of the
16		excess over \$300,000

17 3. For taxable years beginning from and after December 31, 1998
18 through December 31, 2005:

19 (a) In the case of a single person or a married person filing
20 separately:

21	<u>If taxable income is:</u>	<u>The tax is:</u>
22	\$0 – \$10,000	2.87% of taxable income
23	\$10,001 – \$25,000	\$287, plus 3.20% of the excess
24		over \$10,000
25	\$25,001 – \$50,000	\$767, plus 3.74% of the excess
26		over \$25,000
27	\$50,001 – \$150,000	\$1,702, plus 4.72% of the excess
28		over \$50,000
29	\$150,001 and over	\$6,422, plus 5.04% of the excess
30		over \$150,000

31 (b) In the case of a married couple filing a joint return or a
32 single person who is a head of a household:

33	<u>If taxable income is:</u>	<u>The tax is:</u>
34	\$0 – \$20,000	2.87% of taxable income
35	\$20,001 – \$50,000	\$574, plus 3.20% of the excess
36		over \$20,000
37	\$50,001 – \$100,000	\$1,534, plus 3.74% of the excess
38		over \$50,000
39	\$100,001 – \$300,000	\$3,404, plus 4.72% of the excess
40		over \$100,000
41	\$300,001 and over	\$12,844, plus 5.04% of the
42		excess over \$300,000

1 4. For taxable years beginning from and after December 31, 2005
2 through December 31, 2006:

3 (a) In the case of a single person or a married person filing
4 separately:

5 <u>If taxable income is:</u>	6 <u>The tax is:</u>
7 \$0 – \$10,000	7 2.73% of taxable income
8 \$10,001 – \$25,000	8 \$273, plus 3.04% of the excess 9 over \$10,000
10 \$25,001 – \$50,000	10 \$729, plus 3.55% of the excess 11 over \$25,000
11 \$50,001 – \$150,000	11 \$1,617, plus 4.48% of the excess 12 over \$50,000
12 \$150,001 and over	12 \$6,097, plus 4.79% of the excess 13 over \$150,000
13	14

15 (b) In the case of a married couple filing a joint return or a
16 single person who is a head of a household:

17 <u>If taxable income is:</u>	18 <u>The tax is:</u>
18 \$0 – \$20,000	18 2.73% of taxable income
19 \$20,001 – \$50,000	19 \$546, plus 3.04% of the excess 20 over \$20,000
20 \$50,001 – \$100,000	20 \$1,458, plus 3.55% of the excess 21 over \$50,000
21 \$100,001 – \$300,000	21 \$3,233, plus 4.48% of the excess 22 over \$100,000
22 \$300,001 and over	22 \$12,193, plus 4.79% of the 23 excess over \$300,000
23	24

25 5. Subject to subsections B and C of this section, for taxable
26 years beginning from and after December 31, 2006 through December 31,
27 2018:

28 (a) In the case of a single person or a married person filing
29 separately:

30 <u>If taxable income is:</u>	31 <u>The tax is:</u>
31 \$0 – \$10,000	31 2.59% of taxable income
32 \$10,001 – \$25,000	32 \$259, plus 2.88% of the excess 33 over \$10,000
33 \$25,001 – \$50,000	33 \$691, plus 3.36% of the excess 34 over \$25,000
34 \$50,001 – \$150,000	34 \$1,531, plus 4.24% of the excess 35 over \$50,000
35 \$150,001 and over	35 \$5,771, plus 4.54% of the excess 36 over \$150,000
36	37

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$20,000	2.59% of taxable income
\$20,001 – \$50,000	\$518, plus 2.88% of the excess over \$20,000
\$50,001 – \$100,000	\$1,382, plus 3.36% of the excess over \$50,000
\$100,001 – \$300,000	\$3,062, plus 4.24% of the excess over \$100,000
\$300,001 and over	\$11,542, plus 4.54% of the excess over \$300,000

6. Subject to subsections D and E of this section, for taxable years beginning from and after December 31, 2018 through December 31, 2021:

(a) In the case of a single person or a married person filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$26,500	2.59% of taxable income
\$26,501 – \$53,000	\$686, plus 3.34% of the amount over \$26,500
\$53,001 – \$159,000	\$1,571, plus 4.17% of the amount over \$53,000
\$159,001 and over	\$5,991, plus 4.50% of the amount over \$159,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$53,000	2.59% of taxable income
\$53,001 – \$106,000	\$1,373, plus 3.34% of the amount over \$53,000
\$106,001 – \$318,000	\$3,143, plus 4.17% of the amount over \$106,000
\$318,001 and over	\$11,983, plus 4.50% of the amount over \$318,000

7. Subject to ~~subsections~~ SUBSECTION E ~~and F~~ of this section, for taxable years beginning from and after December 31, 2021 through December 31 of the year in which notice is provided to the department pursuant to section 43-243, subsection A or subsection B, paragraph 1:

(a) In the case of a single person or a married person filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$27,272	2.55% of taxable income
\$27,273 and over	\$695, plus 2.98% of the amount over \$27,272

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$54,544	2.55% of taxable income
\$54,545 and over	\$1,391, plus 2.98% of the amount over \$54,544

8. Subject to ~~subsections~~ SUBSECTION E ~~and F~~ of this section, for taxable years beginning from and after December 31 of the year in which notice is provided to the department pursuant to section 43-243, subsection A or subsection B, paragraph 1 through December 31 of the year in which notice is provided to the department pursuant to section 43-243, subsection B, paragraph 2:

(a) In the case of a single person or a married person filing separately:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$27,272	2.53% of taxable income
\$27,273 and over	\$690, plus 2.75% of the amount over \$27,272

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

<u>If taxable income is:</u>	<u>The tax is:</u>
\$0 – \$54,544	2.53% of taxable income
\$54,545 and over	\$1,380, plus 2.75% of the amount over \$54,544

9. ~~Subject to subsection F of this section,~~ For taxable years beginning from and after December 31, ~~of the year in which notice is provided to the department pursuant to section 43-243, subsection B, paragraph 2~~ 2022 THROUGH DECEMBER 31, 2026, the tax is 2.5% of taxable income.

10. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2026:

<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
\$0 – \$1,000,000	2.5% OF TAXABLE INCOME
\$1,000,001 AND OVER	\$25,000, PLUS 8% OF THE AMOUNT OVER \$1,000,000

B. For the taxable year beginning from and after December 31, 2014 through December 31, 2015, the department shall adjust the income dollar amounts for each rate bracket prescribed by subsection A, paragraph 5 of this section according to the average annual change in the metropolitan Phoenix consumer price index published by the United States department of labor, bureau of labor statistics. The revised dollar amounts shall be raised to the nearest whole dollar. The income dollar amounts for each rate bracket may not be revised below the amounts prescribed in the prior taxable year.

C. For each taxable year beginning from and after December 31, 2015 through December 31, 2018, the department shall adjust the income dollar

1 amounts for each rate bracket prescribed by subsection A, paragraph 5 of
2 this section according to the average annual change in the metropolitan
3 Phoenix consumer price index published by the United States department of
4 labor, bureau of labor statistics. The revised dollar amounts shall be
5 raised to the nearest whole dollar. The income dollar amounts for each
6 rate bracket may not be revised below the amounts prescribed in the prior
7 taxable year.

8 D. For each taxable year beginning from and after December 31, 2019
9 through December 31, 2021, the department shall adjust the income dollar
10 amount for each rate bracket prescribed by subsection A, paragraph 6 of
11 this section according to the average annual change in the metropolitan
12 Phoenix consumer price index published by the United States department of
13 labor, bureau of labor statistics. The revised dollar amounts shall be
14 raised to the nearest whole dollar. The income dollar amounts for each
15 rate bracket may not be revised below the amounts prescribed in the prior
16 taxable year.

17 E. For ~~each~~ THE taxable year beginning from and after December 31,
18 2021, the department shall adjust the income dollar amount for each rate
19 bracket prescribed by subsection A, paragraphs 7 and 8 of this section, as
20 applicable, according to the average annual change in the metropolitan
21 Phoenix consumer price index published by the United States department of
22 labor, bureau of labor statistics. The revised dollar amounts shall be
23 raised to the nearest whole dollar. The income dollar amounts for each
24 rate bracket may not be revised below the amounts prescribed in the prior
25 taxable year.

26 Sec. 2. Repeal

27 Section 43-1011, Arizona Revised Statutes, as amended by Laws 2021,
28 chapter 411, section 4, is repealed.

29 Sec. 3. Requirements for enactment; two-thirds vote

30 Pursuant to article IX, section 22, Constitution of Arizona, this
31 act is effective only on the affirmative vote of at least two-thirds of
32 the members of each house of the legislature and is effective immediately
33 on the signature of the governor or, if the governor vetoes this act, on
34 the subsequent affirmative vote of at least three-fourths of the members
35 of each house of the legislature.