House Engrossed

rates; fees; taxes; increase; moratorium

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

HOUSE BILL 4030

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

9-500.54. Municipal fees; taxes; utility rates; increase; moratorium; applicability; enforcement; definitions

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

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

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

3. A RATE THAT IS IMPOSED FOR UTILITY SERVICE PROVIDED BY THE MUNICIPALITY AND THAT IS GREATER THAN THE UTILITY RATE THAT IS AUTHORIZED AS PART OF THE MUNICIPALITY'S 2025-2026 FISCAL YEAR BUDGET OR UTILITY RATE SCHEDULE, EXCEPT THAT A MUNICIPALITY THAT HAS NOT RAISED UTILITY RATES BY A CUMULATIVE AMOUNT OF TWELVE PERCENT OR MORE IN THE PRECEDING FOUR FISCAL YEARS MAY INCREASE UTILITY RATES BY AN AMOUNT THAT IS NOT MORE THAN THE RATE OF INFLATION AS DETERMINED BY THE CONSUMER PRICE INDEX AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

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

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

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

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

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

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

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

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

1. CONDUCTING A TAXABLE TRANSACTION.

2. RECEIVING A GOVERNMENTAL SERVICE.

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

4. CONNECTING TO OR RECEIVING MUNICIPALLY PROVIDED UTILITY SERVICE.

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

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

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

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

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

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

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

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

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

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

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

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

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

4. THE ADOPTION, IMPOSITION OR COLLECTION OF A NEW OR INCREASED RATE OR FEE PURSUANT TO SECTION 9-463.05 OR 9-511.01 TO FUND THE ACQUISITION AND DELIVERY OF NEW OR ADDITIONAL WATER RESOURCES, INCLUDING THE COST OF ANY PREVIOUSLY INCURRED OR FUTURE DEBT SERVICE OBLIGATIONS,

NEEDED STORAGE, TREATMENT OR DELIVERY INFRASTRUCTURE AND OPERATING AND MAINTENANCE COSTS.

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

I. A TAXPAYER, RESIDENT, BUSINESS OR PROPERTY OWNER THAT IS AGGRIEVED BY A VIOLATION OF THIS SECTION MAY 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.

J. FOR THE PURPOSES OF THIS SECTION:

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

2. "UTILITY SERVICE":

(a) MEANS MUNICIPALLY PROVIDED UTILITY SERVICES.

(b) INCLUDES WATER, WASTEWATER, STORMWATER, SOLID WASTE, ELECTRIC, GAS OR SIMILAR SERVICES.

Sec. 2. Delayed repeal

Section 9-500.54, Arizona Revised Statutes, as added by this act, is repealed from and after June 30, 2030.

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

11-269.31. County fees; taxes; utility rates; increase; moratorium; applicability; enforcement; definitions

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

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

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

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

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

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

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

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

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

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

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

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

1. CONDUCTING A TAXABLE TRANSACTION.

2. RECEIVING A GOVERNMENTAL SERVICE.

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

4. CONNECTING TO OR RECEIVING COUNTY-PROVIDED UTILITY SERVICE.

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

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

1. AN INCREASE IN A COUNTY TAX IF ALL OF THE FOLLOWING APPLY:

(a) THE TAX INCREASE IS APPROVED BY THE QUALIFIED ELECTORS OF THE COUNTY.

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

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

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

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

4. AD VALOREM TAXES LEVIED BY A COUNTY FOR SUPPORT OF A SCHOOL DISTRICT.

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

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

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

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

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

I. A TAXPAYER, RESIDENT BUSINESS OR PROPERTY OWNER THAT IS AGGRIEVED BY A VIOLATION OF THIS SECTION MAY 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.

J. FOR THE PURPOSES OF THIS SECTION:

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

2. "UTILITY SERVICE":

(a) MEANS COUNTY-PROVIDED UTILITY SERVICES.

(b) INCLUDES WATER, WASTEWATER, STORMWATER, SOLID WASTE, ELECTRIC, GAS OR SIMILAR SERVICES.

Sec. 4. Delayed repeal

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

Sec. 5. Severability

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

Sec. 6. Legislative findings and intent

A. The legislature finds that:

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

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

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

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

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

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

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

B. It is the intent of the legislature to:

1. Provide temporary relief to residents and businesses by stabilizing locally imposed fees, taxes and utility rates during a period of elevated inflation and economic uncertainty.

2. Encourage local governments to pursue efficiencies and modernization before increasing costs borne by residents and businesses.

3. Preserve predictability and transparency in local government fee, tax and rate structures by anchoring charges to duly adopted budgets and schedules.

4. Respect constitutional limitations, existing contractual obligations and voter-approved authorities, while promoting affordability and economic stability statewide.