



NEWS RELEASE

Arizona State Legislature

1700 West Washington • Phoenix, Arizona • 85007

Thursday, January 8, 2026

FOR IMMEDIATE RELEASE

Republican Lawmakers Introduce \$1.1 Billion Tax Relief Plan to Ease Cost Pressures on Arizona Families

STATE CAPITOL, PHOENIX – Arizona Senate and House Republicans are advancing a plan to align the state tax code with federal tax reforms from President Trump’s One Big Beautiful Bill – which will provide Arizonans an estimated \$1.1 billion in tax savings over the next three years. The plan will make a few adjustments to Arizona’s existing tax structure, focusing on affordability and helping working Arizona families. Moving quickly will provide clarity for taxpayers who are preparing to file.

While the Trump Administration takes action to undo the economic damage caused by four years of Biden-Harris policies responsible for fueling inflation, higher energy prices, and rising costs of everyday life, Arizona Republicans are spearheading efforts at the state level to ease these burdens with [SB 1106/ HB 2153](#). Introduced today by Senate Finance Committee Chairman J.D. Mesnard and House Ways & Means Committee Chairman Justin Olson, the goal of this plan is to help families keep more of what they earn.

“This legislature has a strong record of cutting taxes and lowering costs for Arizona families,” said Senator Mesnard. **“From enacting a 2.5 percent flat income tax I authored several years ago, to delivering direct tax rebates, to cutting the rental tax and reducing taxes on small businesses, Republicans have repeatedly fought to reduce the tax burden on our citizens. Our plan in 2026 builds on that record by further lowering taxes, supporting job creators, and helping all Arizonans keep more of the money they earn. In particular, the plan helps working families struggling with higher prices by increasing Arizona’s child tax credit and creating a deduction for childcare expenses. We’re committed to moving quickly so Arizonans can realize a larger refund without delay this tax filing season.”**

“This is an urgent matter. With tax season underway, tax professionals and families alike need clear guidance now,” said Senate President Warren Petersen. **“Until the Legislature acts and the Governor signs this plan into law, there is real confusion about how to handle state tax returns. We’re urging Governor Hobbs to join us in resolving this issue promptly by signing this historic tax cut when it hits her desk.”**

“The Governor jumped ahead of the law by issuing state tax guidance this week that assumes legislative action – which hasn’t happened yet – and her recent [executive order](#) only deepens confusion. This kind of unilateral overreach undermines the process and leaves families, tax preparers, and businesses stuck in the middle,” said House Speaker Steve Montenegro. **“The Legislature is moving to restore certainty, respect the separation of powers, and make sure Arizonans have clear, lawful guidance.”**

“Our 2026 tax conformity plan applies the Trump tax cuts to Arizona’s tax code,” said Representative Olson. **“It focuses tax relief where it matters most – working families, seniors on fixed incomes, and small businesses. This plan will grow the economy and is consistent with President Trump’s key promises including no tax on tips or overtime. This bill will enable hardworking Arizonans to keep more of what they earn so they can more easily provide for the needs of their families.”**

SB 1106/ HB 2153 will be formally introduced and debated next week when the 57th Legislature, 2nd Regular Session kicks off. This plan protects the progress Arizona has made under the leadership of a Republican Majority at the Legislature and strengthens our commitment to keeping the state competitive and affordable for working families.

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