



# NEWS RELEASE

Arizona State Legislature

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## Arizona Republican Leaders Warn Hobbs Budget Relies on Hidden Tax Hikes and Fake Revenues

**STATE CAPITOL, PHOENIX** – Arizona House and Senate Republican leaders today responded to Governor Katie Hobbs’ budget proposal, raising serious concerns about unrealistic revenue assumptions, hidden tax increases, and policies that would raise costs for Arizona families while creating long-term tax confusion.

**“Governor Hobbs’ budget is a fantasy built on fake revenues and hidden tax hikes,”** said House Speaker Steve Montenegro. **“She can call them ‘revenue enhancements,’ but Arizona families will feel them as higher costs and higher taxes. This is a liberal, California-style budget that grows government, creates tax chaos, and gambles with taxpayer dollars. House Republicans will reject it and fight for a responsible, balanced budget that puts Arizona families first.”**

**“Based on what we’ve seen, this proposal amounts to roughly a \$1 billion tax increase disguised by softer language,”** said Senate President Warren Petersen. **“It relies on unrealistic revenue assumptions and offers no credible plan for long-term stability. Arizona families deserve an honest, balanced budget—not one that risks higher taxes and deeper uncertainty down the road.”**

**“This budget spends money the state simply does not have,”** said House Appropriations Chairman David Livingston. **“It relies on about \$2.25 billion that isn’t there—\$1.5 billion tied to Proposition 123 and another \$750 million for border-related spending—with no realistic funding source. That kind of budgeting ignores fiscal reality and risks undoing years of disciplined work.”**

**“This proposal expands government without secure funding and assumes revenues that may never materialize,”** said Senate Appropriations Chairman David Farnsworth. **“Spending money we don’t have puts Arizona’s financial health at risk and threatens the long-term stability taxpayers expect from state government.”**

**“A state budget is supposed to create clarity and certainty for our citizens, this proposal is full of confusion and instability,”** said House Appropriations Vice Chairman Matt Gress. **“The Governor is pushing roughly \$1 billion in tax increases, including a ‘staycation tax’ on short-term rentals, which raises costs for Arizona families traveling in their own state. Arizonans did not sign up for a tax and spend government.”**

**“Budgets must be honest, transparent, and sustainable,”** said Senate Appropriations Vice Chairman John Kavanagh. **“When a proposal relies on hidden tax hikes and billions in unfunded assumptions, it demands serious scrutiny from the Legislature.”**

House and Senate Republicans will continue advancing a fiscally responsible, balanced budget that lowers costs, protects taxpayers, and keeps Arizona competitive.

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