



NEWS RELEASE

Arizona State Legislature

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FOR IMMEDIATE RELEASE

Legislative Leaders Move to End Tax Filing Confusion, Advance Full Tax Conformity Package

Action aligns state law with existing Revenue tax forms to protect Arizona taxpayers during filing season

STATE CAPITOL, PHOENIX – Arizona House and Senate Republican leadership announced today they will advance full income tax conformity legislation for tax year 2025 to align state law with the Arizona Department of Revenue’s existing tax forms, following Governor Katie Hobbs’ veto of the Legislature’s tax relief package and her continued refusal to clarify her position on tax conformity.

For months, House and Senate Republicans [have called publicly](#) for income tax conformity to give taxpayers certainty heading into filing season. After the Governor vetoed the [Legislature’s \\$1.1 billion tax relief plan](#), Republican leaders immediately sought guidance from the executive branch on how she intended to proceed. That guidance never came.

On January 14, the Governor’s Department of Revenue [testified](#) that the tax forms it had *already issued assume full conformity* with recent federal tax law changes and that altering those forms during the filing season would be practically impossible. Despite that testimony, Governor Hobbs has declined to provide any direction, respond to a joint letter from legislative leadership, or reconcile the contradictions between her public statements, proposed budget, and the tax forms taxpayers are being asked to use.

As a result, House and Senate leadership will move forward with legislation to conform Arizona law to the Department of Revenue’s existing forms so taxpayers can file legally, with confidence, and without the risk of mid-year rule changes or forced amended returns.

“Arizona taxpayers are being asked to file on forms that do not clearly match state law, while the Governor offers no answers and no alternative plan,” said House Speaker Steve Montenegro. **“We asked for clarification privately. We asked publicly. We sent a detailed letter. We received silence. With tax season underway, waiting is not an option. This legislation exists because executive inaction left taxpayers exposed, and the Legislature has a responsibility to step in and restore clarity.”**

“Arizona taxpayers shouldn’t have to guess whether the forms they’re using are accurate, and they shouldn’t be forced to refile or pay more in taxes,” said Senate President Warren Petersen. **“It’s unfortunate the Governor has chosen not to work with us. The Legislature is stepping in to provide certainty by conforming state law to the tax forms her DOR has already released, including the State and Local Tax Deduction. The Governor would call that provision a tax break for the rich. We do not support the SALT deduction, but her agency has already included it on the forms, leaving the Legislature no choice but to**

address it. Tax reform was meant to make filing simpler and more predictable, not create confusion, anger, and frustration for Arizona taxpayers.”

The legislation will provide an estimated \$440 million in tax relief for tax year 2025 by conforming state law to federal tax provisions already reflected in Department of Revenue forms. While it does not include the additional child tax credits or dependent care deductions offered in the Republican Majority’s vetoed package, leaders stress the immediate priority is preventing disruption during the current filing season.

“The filing season is already underway, and the lack of clarity is creating confusion and serious problems,” said House Ways and Means Committee Chairman Justin Olson. **“[HB 2785](#) codifies what the Department of Revenue has already instructed taxpayers to file. It would be unacceptable to require taxpayers who relied on the guidance of the Hobbs Administration to file amended returns to pay more of their hard-earned resources to the state. If any policymaker desires to decouple from the income tax changes of H.R.1, those changes should have been agreed upon and adopted months ago—not in the middle of the tax filing season.”**

House and Senate Republicans in the Legislature will not approve any approach for tax year 2025 that forces tens of thousands of Arizonans to file paper amended returns months from now due to shifting guidance.

“This is definitely not our preferred approach—we would much rather implement the plan that offers more help to working families—but we have no choice but to fix the mess created by the Governor’s disastrous leadership,” said Senate Finance Committee Chairman J.D. Mesnard. **“The Department of Revenue has already told taxpayers how to file, and we are compelled to make sure the law and that guidance align, especially since the Department has publicly advised taxpayers not to wait to file. Doing nothing would only guarantee more confusion and force families and businesses to fix the government’s mistakes later. We will never support a plan that requires taxpayers to amend their returns because state leaders failed to act when it mattered. It would be completely unjust.”**

Broader tax policy discussions can and should occur during budget negotiations, but taxpayers filing today need clear rules now. This legislation ensures they have them.

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