



NEWS RELEASE

Arizona State Legislature

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House and Senate Republicans Pass Full Tax Conformity to End Filing Confusion and Protect Arizona Taxpayers

Action aligns state law with Governor's approved 2025 revenue tax forms

STATE CAPITOL, PHOENIX – Arizona House and Senate Republicans today passed [HB 2785](#), legislation bringing Arizona income tax law into full conformity with the tax forms already issued by Governor Katie Hobbs' Department of Revenue, protecting taxpayers from uncertainty, forced amended returns, and mid-season rule changes.

The vote follows Governor Hobbs' [veto](#) of [Republicans' original tax conformity package](#), which included relief for seniors and no tax on tips or overtime, and replaced the federal SALT deduction with expanded child tax credits and childcare deductions. After her veto, Governor Hobbs repeatedly refused to clarify her position, even as her own agency instructed taxpayers to file under full federal conformity and warned it was too late to change the forms.

HB 2785 ensures Arizona law matches the guidance taxpayers are already using to file, preventing widespread disruption during the remainder of the filing season and avoiding costly amended returns for families and small businesses.

“Arizona taxpayers did exactly what the government told them to do, and the Governor left them exposed,” said House Speaker Steve Montenegro. **“Her Department of Revenue issued tax forms, told people not to delay filing, and testified that changing course would cause massive disruption. Then the Governor vetoed the Legislature's solution and refused to explain what comes next. That is the opposite of leadership. The House and Senate acted because families, seniors, and small businesses should not be forced to pay penalties, refile returns, or owe unexpected taxes because the executive branch could not get its act together.”**

[Testimony](#) from the Department of Revenue warned that reversing course now could force as many as one-third of filers to submit paper-only amended returns, pay again to refile, and owe additional taxes months later. HB 2785 prevents that outcome by aligning statute with the instructions already issued by the Hobbs administration.

“Families, seniors, and small businesses deserve certainty and accountability from their government,” said Senate President Warren Petersen. **“The Governor's veto of the last bill, mixed signals, and her lack of leadership have created confusion this tax season. Senate and House Republicans are being the adults in the room. We are delivering \$1.1 billion in tax relief and ensuring taxpayers do not have to amend returns or pay more because of executive branch chaos.”**

The bill conforms Arizona law to federal income tax provisions already reflected in Department of Revenue forms for tax year 2025, including business deductions that benefit workers, small employers, and families filing this year.

The Legislature did not choose to include the expanded SALT deduction. House and Senate Republicans previously removed SALT and replaced it with direct relief for families, including enhanced child tax credits and childcare deductions. Governor Hobbs vetoed that legislation and then issued tax forms assuming full conformity, leaving SALT in place for tax year 2025. HB 2785 ensures taxpayers who relied on those forms are not penalized for doing so.

“This bill makes Arizona’s tax forms legal. It applies the Trump tax cuts to the Arizona income tax code,” said House Ways and Means Committee Chairman Justin Olson, sponsor of the bill. **“If the Governor fails to sign this bill, a million Arizonans will be forced to amend their returns and pay more to the state. That is unacceptable and irresponsible. Taxpayers deserve better. Arizonans deserve a state government that will honor the tax guidance it issues. Governor Hobbs should sign this bill and eliminate the chaos and confusion she created.”**

“This bill is necessary, even if it isn’t the preferred approach I and my Republican colleagues wanted to take,” said Senate Finance Committee Chairman J.D. Mesnard. **“In the first week of session, we sent Governor Hobbs a broader tax relief package that replaced higher-income deductions, including the expanded State and Local Tax deduction, with targeted relief for working families, such as an enhanced child tax credit and a childcare expense deduction to help with rising costs. She irresponsibly vetoed it. Without legislative action, taxpayers could be forced to refile or submit paper amended returns months from now. Some could even be required to pay more because of shifting guidance from the Governor’s administration. That is gross mistreatment of Arizona taxpayers. HB 2785 resolves the conflict and provides needed clarity by aligning state law with the forms already in use, thus ending the confusion created by the Governor’s poor leadership. At this point in tax season, there is no realistic alternative.”**

HB 2785 is a targeted fix for the current filing season. Nothing in the bill prevents changes for tax years 2026 and beyond. Those debates do not belong in the middle of tax season when people are already filing.

With the Legislature acting to align state law with the Governor’s own tax forms, the responsibility now rests with Governor Hobbs to sign the bill and remove any remaining uncertainty for Arizona taxpayers. Further delay would only prolong the chaos and confusion she created and risk unnecessary harm to families, seniors, and small businesses who are already filing under the rules her administration put in place.

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