



NEWS RELEASE

Arizona State Legislature

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FOR IMMEDIATE RELEASE

Arizona Republicans Advance Responsible Balanced Budget Delivering Historic Tax Relief and Affordability for Arizonans

STATE CAPITOL, PHOENIX – PHOENIX, ARIZONA—Arizona Senate and House Republicans are introducing state budget bills today that deliver one of the largest tax cuts in Arizona history while fully funding the core services Arizonans expect. The proposal provides immediate cost-of-living relief for families, seniors, workers, and small businesses facing high costs, all within a responsible and balanced budget that spends about \$800 million less than Governor Hobbs' plan.

The budget package aligns state tax law with President Trump's tax cuts in the current year and keeps Republicans' promise that no Arizona taxpayer will have to refile 2025 taxes. The plan eliminates state taxes on tips and overtime pay, increases dependent tax relief for parents, creates a new childcare expense deduction, strengthens retirement tax relief for seniors, supports small businesses and helps working families keep more of what they earn. This \$1.45 billion tax relief package targets those struggling with persistent inflation and cost-of-living pressures. Arizona is currently the only known state advancing the full Trump tax cuts package into state law.

[Unlike Hobbs' proposal](#), the Republican budget is built on realistic revenue numbers and does not rely on uncertain or speculative revenue sources, inflated projections, tax increases, or new discretionary spending. It funds core services, education, public safety, and child welfare and preserves the voter-protected State Land Trust that supports K-12 education for future generations.

"Arizona Republicans are delivering one of the largest tax cuts in state history, and our proposal has the votes to pass both chambers," said Senate President Warren Petersen. "For months, Governor Hobbs told us full conformity to federal tax relief, including tax cuts for tipped workers, hourly employees, seniors, and small business owners, was impossible. It's not. Under President Trump, Washington delivered relief for working Americans, and Arizona Republicans are making sure our taxpayers receive those same Trump tax cuts here at home. Republicans balanced the budget with honest numbers, protected core priorities, and provided real relief for families still struggling with higher costs. Arizona is leading the nation as the only state we are aware of advancing the full Trump tax cuts into law. Despite the Governor's stunts, Republicans stayed at work and got the job done for our citizens."

Republicans [moved early](#) this year to align state tax law and provide certainty during filing season, but [Governor Hobbs vetoed that effort](#). Lawmakers then [sent a second bill](#) to align state law with forms issued by her own Department of Revenue, and she vetoed that bill too. When budget talks turned to the numbers, [Hobbs walked away from negotiations](#) rather than address the massive gap between her spending plan and available revenue. She then imposed a moratorium on unrelated bills to [deflect attention from her decision to walk away](#) from negotiations, prolonging the session and stalling action on other priorities that matter to Arizonans.

"House and Senate Republicans put forward a serious budget built on facts, not wishful thinking," said House Speaker Steve Montenegro. "It delivers major tax relief, eases cost pressures on Arizona families, fully funds core state services, and spends far less than the Governor's proposal. It does not rely on gimmicks, inflated projections, or money that may never show up to balance the budget. In divided government, responsible leadership means facing the math, making hard choices, and protecting taxpayers. Republicans have done that, putting a workable budget on the table and giving Arizona a clear path to finish the session responsibly. The proposal is ready to move, and so is the Legislature. It is time to pass the bills and deliver for Arizona."

The budget bills are scheduled to be heard Tuesday at 10:00 a.m. in a joint hearing of the Senate and House Appropriations Committees in House Hearing Room 1.

A joint video statement from Speaker Montenegro and President Petersen on the Republican budget plan is available here: <https://youtu.be/OEToM0xq2jo>.

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