

2025 Legislative Priorities

This past election, Arizonan voters sent a clear message: the economy is a top concern and **most are not feeling the benefits** of both the U.S. and Arizona’s current economic growth. We know that poverty and income improvements have **dwarfed vastly higher cost** for basic needs such as housing. Yet year-after-year, policymakers have decided to **inequitably cut taxes** and reduce investments in vital public services such as education, child care, housing and programs that create economic opportunities for all Arizonans.

Arizonans work hard, whether helping an aging parent, caring for a new baby, or punching a timecard for one or more jobs. As such the Arizona Center for Economic Progress (AZCenter) advocates for policy solutions that ensure Arizona equitably raises the revenues we need to benefit all individuals and families in the areas of state budget and tax, economic well-being, and education funding.

The AZCenter supports the following 2025 legislative agenda to advance these goals.

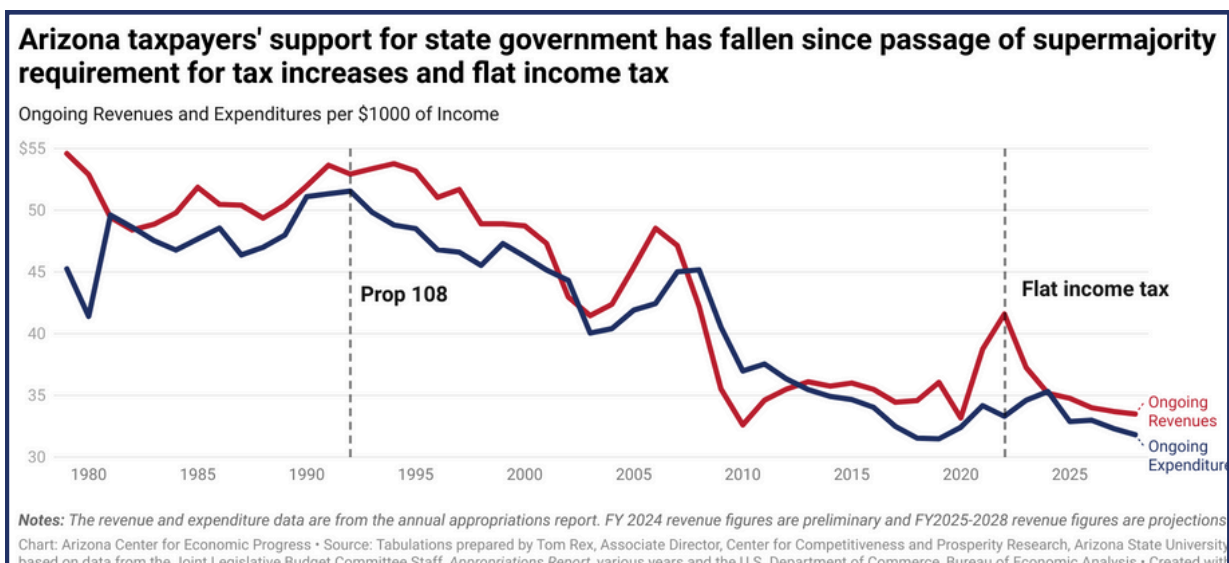




State Budget and Tax

Taxes play a pivotal role in fostering a just and prosperous economy, providing the necessary revenue for investments in education, infrastructure, health care, early childhood development and other vital services that benefit all individuals and families. Yet, state **revenues have fallen** since the passage of the supermajority requirement for tax increases.

Most recently, Arizona's **flat individual income tax is largely responsible** for the severe decline in Arizona revenues during a time of robust economic activity. This has also meant that Arizonans with the lowest incomes have **increasingly paid the greatest share of their income** in taxes for years. Meanwhile, the state's budget faces risks from excessive tax breaks for those with the highest incomes.



The AZCenter will work to:

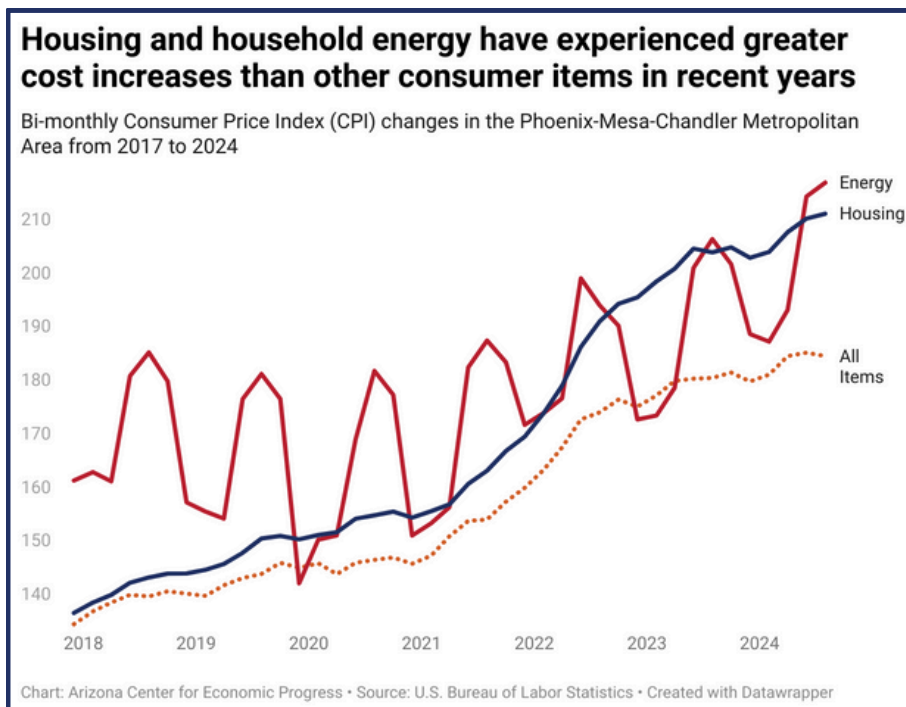
- **Oppose** reducing state revenues through tax cuts.
- **Strongly oppose** enacting automatic triggers that would result in a one-size-fits-all reduction of tax rates or spending limitations for essential public services.
- **Support** making Arizona's overall tax code more progressive.



Economic Well-Being

Access to nutritious food, stable housing, quality health and child care, and other household necessities should not be out of reach to Arizonans with lower incomes or experiencing economic hardship.

Facing rising costs, far too many Arizonans are struggling to meet their basic needs without sacrificing their well-being. This dilemma often **forces Arizona families to make agonizing decisions**, such as choosing between caring for a newborn or a sick relative and returning to work because they cannot afford to miss a single paycheck.



The AZCenter will work to:

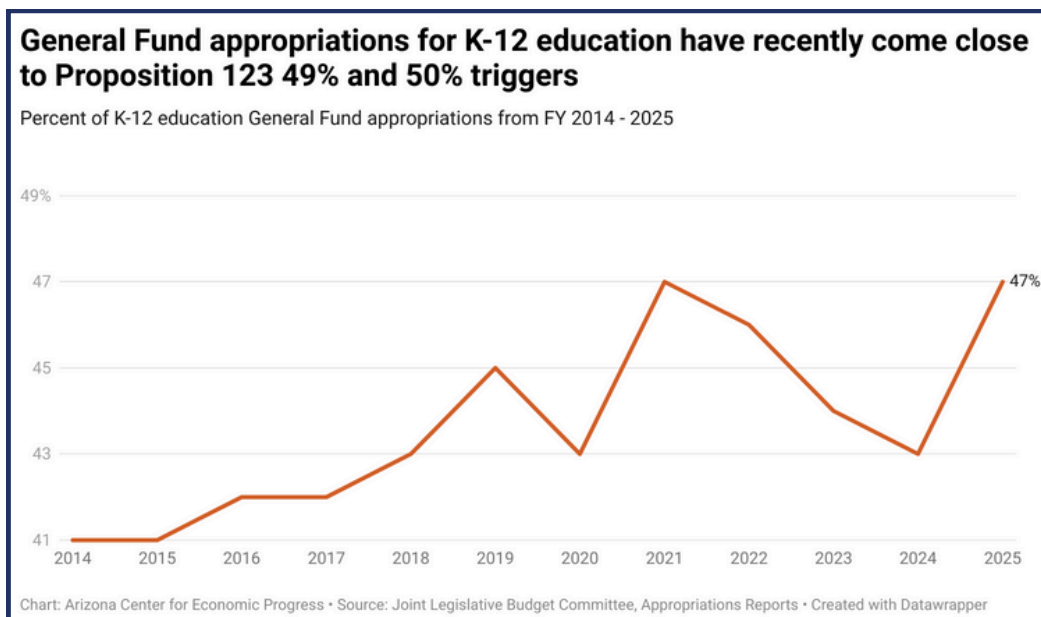
- **Support enacting a statewide paid family and medical leave program.**
- **Support strengthening safety net programs** that can support individuals and families in times of crisis, including Temporary Assistance for Needy Families (TANF) cash assistance, Supplemental Nutrition Assistance Program (SNAP), and unemployment insurance.
- **Support equitable housing policies**, including promoting housing-first, increasing affordable housing, and strengthening tenant protections.



Education Funding

Arizonans strongly agree that well-resourced educational opportunities are a top priority. Yet for years, Arizona's public schools have been starved of needed investments and will now likely face budget cuts. The state continues to suffer from a shortage of qualified teachers, backlogs for school repairs, and unnecessary financial barriers.

At the same time, General Fund spending for the Universal Empowerment Scholarship Account (ESA) program **continues to increase significantly**, with an estimated additional \$90 million for the fiscal year 2026, bringing the total cost to \$912 million. Furthermore, K-12 public schools are **approaching Proposition 123 triggers** that will further reduce education funding.



The AZCenter will work to:

- **Support referring a permanent elimination** of the public-school Aggregate Expenditure Limit to voters.
- **Support addressing issues with the ESA Program**, including increasing integrity and accountability of fund expenditures, reducing the program's cost to the state, and preventing public tax dollars from being diverted from public schools to private schools.
- **Support equitably addressing the extension of Proposition 123** and removing harmful triggers that jeopardize public K-12 funding levels.