

2026 Legislative Priorities

Arizona's economic success should be measured by whether families can afford the basics, workers can earn a living wage, and communities have the public investments they need to thrive, not by how much the wealthiest save in tax breaks.

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) is focused on ensuring that state policy choices reflect our shared values: fairness, opportunity, and long-term prosperity. That means investing in people, funding what works, and rejecting policies that deepen inequality or undermine Arizona's future.

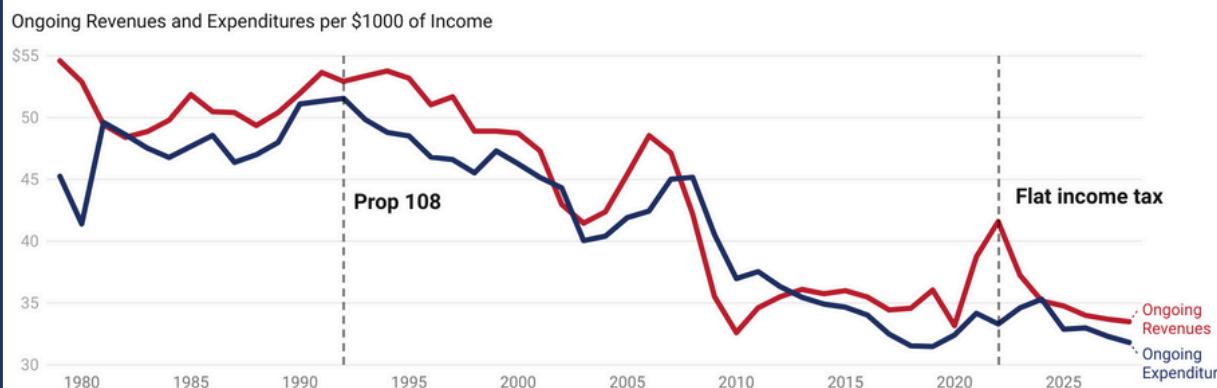
The AZCenter supports the following 2026 legislative agenda to advance these goals.



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.

Arizona taxpayers' support for state government has fallen since passage of supermajority requirement for tax increases and flat income tax



Notes: The revenue and expenditure data are from the annual appropriations report. FY 2024 revenue figures are preliminary and FY 2025-2028 revenue figures are projections. Chart: Arizona Center for Economic Progress • Source: Tabulations prepared by Tom Rex, Associate Director, Center for Competitiveness and Prosperity Research, Arizona State University based on data from the Joint Legislative Budget Committee Staff, *Appropriations Report*, various years and the U.S. Department of Commerce, Bureau of Economic Analysis. • Created with

The AZCenter will work to:

- **Oppose** any further erosion of the Arizona tax base.
- **Strongly oppose** any further restrictions on the state's ability to raise state of local revenues as well as any policy that enacts automatic cuts to the state's tax rates.
- **Support** making the advancement of a statewide refundable child tax credit that does not unreasonably restrict access on the basis of household makeup.
- **Support** policies that make Arizona's tax code more progressive, such as reversing Arizona's flat tax and implementing changes to Arizona's corporate tax code grounded in equity, fairness, and efficiency.



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.

Housing and household energy have experienced greater cost increases than other consumer items in recent years

Bi-monthly Consumer Price Index (CPI) changes in the Phoenix-Mesa-Chandler Metropolitan Area from 2017 to 2024

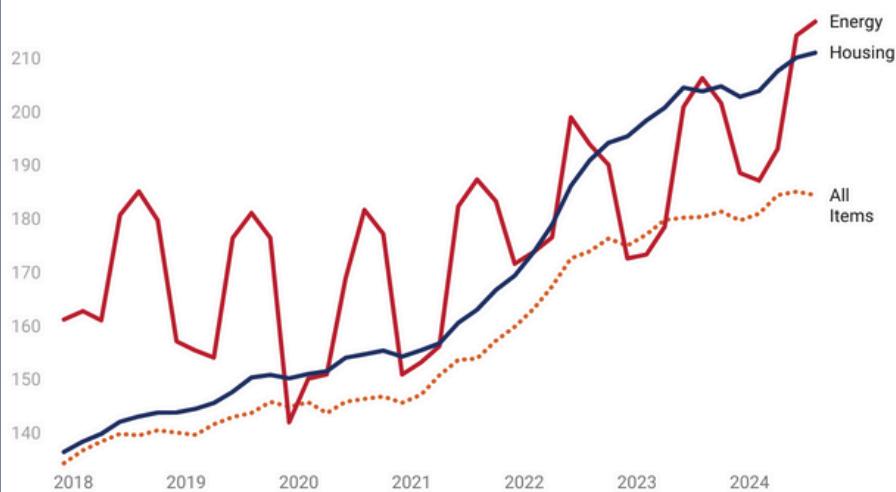


Chart: Arizona Center for Economic Progress • Source: U.S. Bureau of Labor Statistics • Created with Datawrapper

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 initiatives, 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.

General Fund appropriations for K-12 education have recently come close to Proposition 123 49% and 50% triggers

Percent of K-12 education General Fund appropriations from FY 2014 - 2025

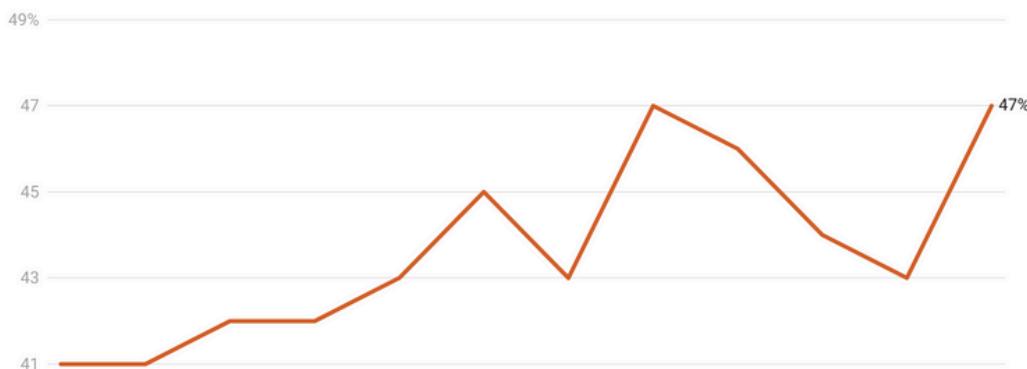


Chart: Arizona Center for Economic Progress • Source: Joint Legislative Budget Committee, Appropriations Reports • Created with Datawrapper

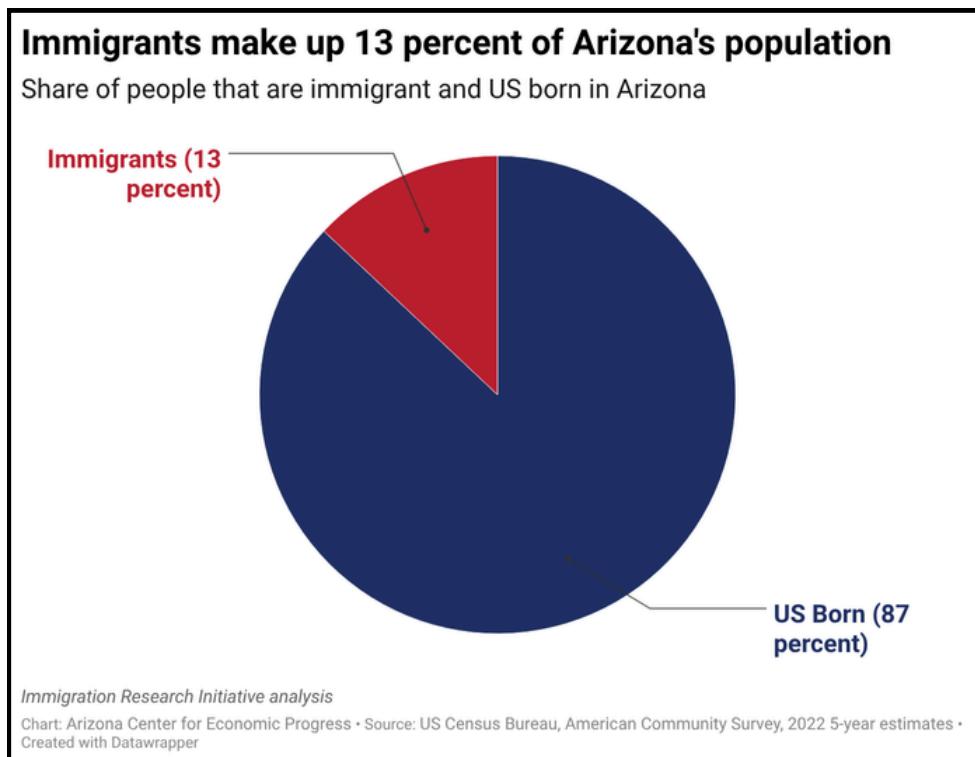
The AZCenter will work to:

- **Support referring to the voters** a ballot measure to permanently eliminate the public-school Aggregate Expenditure Limit.
- **Support addressing issues with the Empowerment Scholarship Program**, including increasing integrity and accountability of fund expenditures, reduce the program's cost to the state, and prevent 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.



Immigration

Arizona is a state with a large and diverse immigrant population that helps the state build thriving communities and strong local economies. AZCenter rejects fear-based, zero-sum policies that seek to destabilize families and jeopardize economic prosperity for all Arizonans.



The AZCenter will work to:

- **Oppose** any bill that seeks to utilize state dollars to advance current federal mass deportation policies
- **Oppose** any state law that curtails the ability of the state to properly administer its public safety, economic well-being efforts, or an individual's right to due process in furtherance of immigration enforcement.