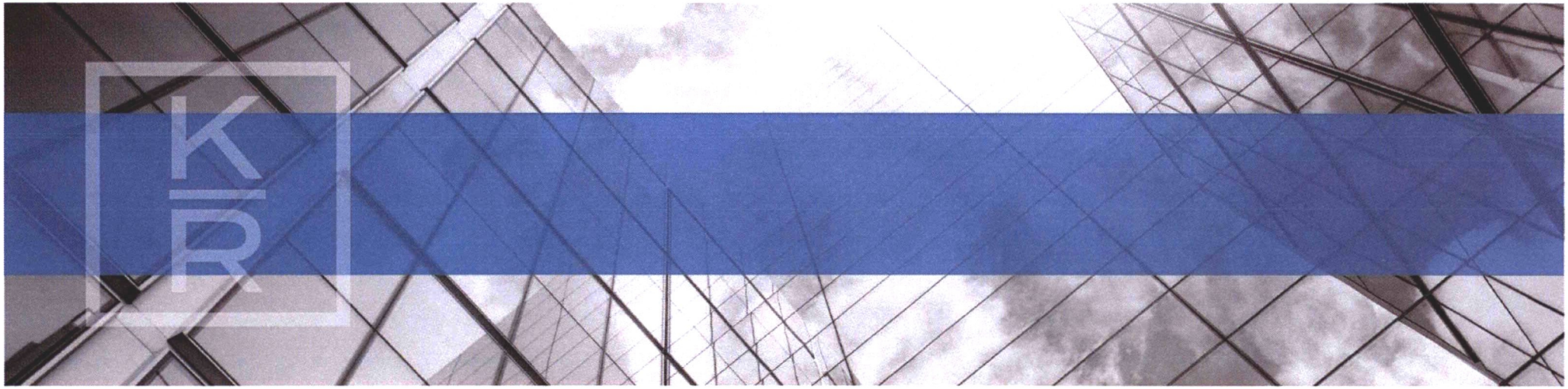
Item WS01

2026 Arizona Legislative Session Recap

57th Arizona Legislature – Second Regular Session



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Session At A Glance

57th Legislature, Second Regular Session

- Legislature convened on January 12, 2026
- Adjourned Sine Die after 153 days on June 13, 2026
- Record number of bills introduced (2,030); 160 memorials and resolutions
- First time House bill number exceeded 4000
- Budget negotiations dominated final months of session

Budget and Areas of Policy Focus

Defining Political Issues of the Session

- FY 2027 State Budget Negotiations
- Housing Affordability and Development
- Executive Agency Appointments and Separation of Powers
- Election and Ballot Measure Policy
- Water Policy and Long-Term Supply Planning
- Record Legislative Activity

The 2026 election cycle most certainly influenced nearly every major policy debate.

Scottsdale 2026 Legislative Priorities

The City entered the 2026 Session with a focus on preserving local control, protecting fiscal resources, and advancing policies that support Scottsdale's long-term strategic goals.

Priority Areas

- Protecting Local Control
- Water Security & Sustainability
- Outstanding Livability
- Public Safety
- Transportation & Infrastructure
- Fiscal Stability & Municipal Finance
- Community Prosperity

Primary Objective: Protect Scottsdale's ability to make local decisions while maintaining the high quality of life expected by residents and businesses.

FY 2027 Budget Highlights

Total General Fund Budget: Approximately $18.3 Billion

- Enacted through a bipartisan agreement between Governor Hobbs and Republican legislative leadership following months of negotiations.
- Budget balanced through a combination of federal tax conformity revenues, agency reductions, fund transfers, and one-time fiscal solutions.
- Maintains approximately $1.6 billion in the Rainy Day Fund while ending FY 2027 with a projected balance of approximately $41.7 million.
- Preserves funding for core state priorities, including:
  - K-12 Education
  - AHCCCS and Healthcare Services
  - Public Safety and Corrections
  - Water Infrastructure and Conservation
  - Wildfire Mitigation and Forest Health
- Extended and modified the Manufacturing Infrastructure Reimbursement Program to support infrastructure investments associated with major advanced manufacturing projects.
- Includes a temporary Data Center Incentive Moratorium while policymakers evaluate long-term fiscal, water, energy, and infrastructure impacts.
- Relies on approximately $293 million generated through conformity with federal tax legislation (H.R. 1).

FY 2027 Budget: Key Local Government Impacts

Areas Important to Scottsdale

- Transportation infrastructure funding
- Public safety investments
- Water infrastructure and conservation programs
- Economic development initiatives
- Workforce development programs
- Continued support for tourism and business attraction

The budget largely maintained stability for municipal governments despite a challenging fiscal environment.

Local Control & Municipal Authority

One of Scottsdale's Top Priorities

The Legislature continued examining municipal authority over:

- Zoning and land use
- Development standards
- Housing regulation
- Public safety policies
- Election administration
- Municipal finance

Scottsdale successfully worked with municipal partners to address numerous preemption proposals.

Housing Policy

Major Topic of the 2026 Session

Legislative focus included:

- Housing affordability
- Development review timelines
- Residential zoning restrictions
- Local design standards
- Accessory Dwelling Units (ADUs)
- Short-term rentals
- Legislature passed legislation to provide new financing options for local developments

Housing remains one of the Legislature's highest priorities and an area likely to return in 2027.

Water Policy & Growth

Scottsdale Priority Issue

Major legislative discussions:

- Assured Water Supply requirements
- Groundwater management
- Water conservation
- Infrastructure investment
- Responsible growth policies

Scottsdale Perspective

Maintaining long-term water reliability remains critical to economic growth and community sustainability.

Economic Development

Arizona Continues to Compete for Investment

Legislative focus:

- Advanced manufacturing
- Semiconductor industry growth
- Workforce development
- Tourism and hospitality
- Business attraction and retention

Scottsdale Impact

Policies supporting innovation, tourism, and workforce development continue to strengthen Scottsdale's economic position.

Public Safety

Legislative Priorities

- Law enforcement resources
- Fire service funding
- Emergency response programs
- Wildfire preparedness
- Public safety technology

Public safety remained one of the few areas receiving broad bipartisan support.

2026 Ballot Referrals

- HCR 2001 Citizenship; Identification; Contributions; Early Voting (*Kolodin*)
- HCR 2003 Interscholastic; Intramural Athletics; Biological Sex (*Bliss*)
- HCR 2044 Preferential Treatment; Discrimination; Prohibited Acts (*Montenegro*)
- HCR 2048 Military Families; Scholarship Accounts (*Way*)
- SCR 1004 Photo Enforcement Systems; Voter Approval (*Rogers*)
- SCR 1032 Instructional Expenses; Operational Spending; Enforcement (*Hoffman*)

Scottsdale Success Stories

Major Accomplishments

- ✓Protected local authority on numerous issues
- ✓Successfully engaged on housing and development legislation
- ✓Preserved critical municipal funding interests
- ✓Maintained strong advocacy on water policy
- ✓Monitored and influenced public safety legislation
- ✓Strengthened relationships with state policymakers and stakeholders

Challenges and Opportunities Ahead

Issues Likely Returning in 2027

- Housing affordability
- Local government preemption
- Water and growth management
- Short-term rentals
- Transportation funding
- Public safety technology
- Tourism investments
- State budget pressures

Questions and Discussion

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