



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, Second Regular Session*

**AMENDED**  
FACT SHEET FOR S.B. 1056

municipalities; counties; fee increases; vote

Purpose

Prohibits the common council of a municipality or the board of supervisors of a county from increasing an assessment, tax or fee without a two-thirds vote of the governing body. Declares the regulation of increases in municipal or county assessments, taxes and fees to be a matter of statewide concern and preempts further regulation by a municipality or county.

Background

Established in 1992 by voter initiative, Proposition 108 provides that a net increase in state revenues is only effective on the affirmative vote of two-thirds of the members of each house of the Legislature. If the act receives such an affirmative vote, it becomes immediately effective on the Governor's signature. If the Governor vetoes the measure, it must not become effective unless approved by an affirmative vote of three-fourths of the members of each house of the Legislature. This applies to any act that provides for a net increase in state revenues in the form of: 1) the imposition of any new tax; 2) an increase in a tax rate or rates; 3) a reduction or elimination of a tax deduction, exemption, exclusion, credit or other tax exemption feature in computing tax liability; 4) an increase in a statutorily prescribed state fee or assessment or an increase in a statutorily prescribed maximum limit for an administratively set fee; 5) the imposition of any new state fee or assessment or the authorization of any new administratively set fee; 6) the elimination of an exemption from a statutorily prescribed state fee or assessment; 7) a change in the allocation among the state, counties or cities of Arizona transaction privilege, severance, jet fuel and use, rental occupancy, or other taxes; and 8) any combination of the preceding elements. The two-thirds vote requirement does not apply to: 1) the effects of inflation, increasing assessed valuation or any other similar effect that increases state revenue but is not caused by an affirmative act of the Legislature; 2) fees and assessments that are authorized by statute, but are not prescribed by formula, amount or limit, and are set by a state officer or agency; and 3) taxes, fees or assessments that are imposed by counties, cities, towns and other political subdivisions of Arizona. Established in 2022 by legislative referendum, Proposition 132 requires any measure or constitutional amendment proposed as an initiative or referendum to approve a tax to become law when approved by 60 percent of voters at a statewide election, rather than approved by a majority of voters (Propositions [108](#) and [132](#); Ariz. Const. [art. 4 § 1](#) and [art. 9 § 22](#)).

A municipality or a county board of supervisors may not levy or assess any new taxes or fees or increase existing taxes or fees on a business without complying with a 60 day notification requirement as prescribed (A.R.S. §§ [9-499.15](#) and [11-251.13](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

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Provisions

1. Prohibits the common council of a municipality from increasing an assessment, tax or fee without a two-thirds vote of the common council of the municipality.
2. Prohibits the board of supervisors of a county from increasing an assessment, tax or fee without a two-thirds vote of the board of supervisors of the county.
3. Declares the regulation of increases in municipal or county assessments, taxes and fees to be a matter of statewide concern and preempts further regulation by a municipality or county.
4. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

1. Declares the regulation of increases in municipal or county assessments, taxes and fees to be a matter of statewide concern and preempts further regulation by a municipality or county.
2. Makes conforming changes.

Senate Action

GOV            1/10/24    DP            5-3-0

Prepared by Senate Research

February 15, 2024

JT/MA/slp