

As a <u>dramatic election year</u> closes in Arizona, new and returning state lawmakers are shifting their focus to the year ahead. These dynamics are certain to shape the 2025 legislative session:

# Partisan Disagreements

Republicans will hold a <u>bigger majority</u> in both the House and Senate this year, and they plan to use it to strengthen their negotiating power with the Democratic Governor. Like <u>other states</u> that expanded Republican caucuses in the recent elections, Arizona Republicans will use what they view as direction from voters to drive more conservative policy goals. They've already begun focusing on areas they believe need additional scrutiny – like <u>city hiring practices</u>, <u>border security actions</u>, and operations at the <u>Arizona School for the Deaf and the Blind</u> – and have pledged to continue sharp questioning of Governor Hobbs' <u>nominees</u> and <u>state agencies</u>.

# Intraparty Divisions

Not all the disagreements will fall across political party lines. Divides within the Democratic caucuses will cause frustration: Some lawmakers want to hold firmly to their political ideals, while others – including <u>Governor Hobbs</u> – have pledged to pursue opportunities to work across the aisle on certain issues.

That dynamic exists in Republican caucuses, as well – especially in the House, where <u>a close</u> <u>race for House Speaker</u> highlighted sharp divides. Incoming Speaker Steve Montenegro (R-Goodyear) attempted to appease far-right caucus members with a <u>committee focused</u> <u>entirely on reducing government regulations</u>, but some tension in the caucus will continue throughout the year.

### Political Extremes

These divisions could be exacerbated by the fact that the leadership teams are composed of the more extreme sides of the Republican and Democratic caucuses. Though Speaker-elect Montenegro represents the more politically moderate wing of his caucus, he is proudly conservative and does not have a history of bipartisanship. Senate President Petersen (R-Gilbert) has been a consistent critic of the Governor and Democratic lawmakers' priorities.

House and Senate Democrats also opted to elect leaders who have been prominent critics of Republicans' priorities and leadership.

These leadership teams have significant power within their caucuses and are unlikely to be motivated by a pursuit of across-the-aisle cooperation on high-profile issues.

# Election Positioning

The 2026 election <u>is already underway</u> in Arizona. Legislators' future political goals – and the Governor's pursuit of reelection – will influence many key decisions this year. For example, Senator Jake Hoffman (R-Queen Creek) may run against Governor Hobbs in 2026, adding another layer of consideration to his ongoing critiques of the Governor's nominees. Governor Hobbs could face challenges from within her own party in 2026, overshadowing her relationships and negotiations with Democratic legislators and state officials. And President Petersen's potential run for Attorney General could sharpen his criticisms of Kris Mayes (D), who currently holds that office.

#### Turnover

Many lawmakers chose to retire or run for another office last year, and others lost their pursuit of another term. That turnover means that more than 25% of the legislature will change in 2025 (though six new members previously served in the legislature). High turnover always creates a bit of a learning curve as lawmakers learn the legislative processes and policy committee procedures.

These dynamics will lead to some dramatic moments and could give Governor Hobbs a chance to top <u>her own veto record</u>. Republicans could <u>again turn to the ballot</u> to avoid the Governor's veto pen and take their priorities directly to voters in 2026.

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Lawmakers have already outlined some of the policy priorities they hope to enact this year, including:

## Budget

Arizona's <u>revenues have stabilized</u> after lawmakers faced a deficit of more than \$1 billion last year, but there's ongoing uncertainty about the state's cost drivers and key funding sources. There are many ways to spend any budget surplus – including transportation projects that were delayed by the deficit. State agencies have proposed millions in new

<u>spending priorities</u> and <u>capital improvements</u>, and policymakers have their own ideas about how to prioritize state resources.

Democrats are likely to push for cuts to Empowerment Scholarship Accounts (ESAs) and prioritization of state programs focused on housing, healthcare, and the environment; Republicans will fight to protect ESA access, look for opportunities to reduce taxes, and cut spending on many state programs.

#### Criminal Justice

Criminal justice reform has repeatedly inspired bipartisan coalitions in Arizona, as members of both political parties sought to reduce prison populations or facilitate a return to employment after incarceration. Key committee chairs have often sidelined those efforts, however, and it's unclear whether those dynamics will shift enough to allow substantial changes to the state's criminal justice system. One Democrat's effort to ask voters to abolish the death penalty is unlikely to advance.

### Education

Education funding and policy will take center stage at the Capitol again, beginning with the looming end of the state's dedicated funding for education. To prevent <u>Proposition 123</u> from expiring, voters would need to extend it this year. Policymakers gave up on efforts to find a compromise that would put the Proposition 123 extension on the ballot last year, but have <u>already restarted negotiations</u> ahead of the legislative session. The issue has significant implications for education funding and the entire state budget.

Lawmakers will also continue debates about how much to increase <u>teacher pay</u> — and whether pay increases should go to school support staff, as well. Democrats will try to limit enrollment or increase oversight of <u>Empowerment Scholarship Accounts</u> (ESAs), but Republicans are unlikely to support those efforts. Republicans will again pursue priorities that Democrats opposed, like guidelines for how schools address <u>student gender</u> or broader access to guns on school grounds.

#### Elections

Key lawmakers are expected to focus on the process and timelines of elections this year, rather than pursuing an end to all early voting. House and Senate Republican leaders want to <u>speed up Arizona's vote-counting process</u>, and they've already introduced <u>a proposal</u> that would set new deadlines and more <u>voter ID requirements</u> for early ballots. <u>Some county officials</u> may support their efforts, but <u>others</u> agree with Democrats' concerns that limits on early voting could harm <u>voter access</u>.

### Healthcare

As always, discussions on healthcare policies and priorities will be a prominent part of the legislative session. Lawmakers will introduce many ideas related to healthcare and human services – including new opportunities to develop the <u>medical workforce</u> or alter the scope of practice for medical professions, expanded limits on vaccine requirements, and more oversight of <u>sober living facilities</u>. Federal efforts to change Medicaid programs could also have <u>significant effects</u> on Arizona's budget and AHCCCS programs, forcing state policymakers to adjust services or funding in response.

Partisan disagreements on <u>abortion</u> will continue, as well, even as courts determine <u>how</u> to implement the voter-approved right to abortion access in Arizona.

Lawmakers on both sides of the aisle have also announced their desire to change Arizona's behavioral and mental health systems – by increasing oversight of the <u>Arizona State Hospital</u> and assisted living facilities, altering access to behavioral health medications, addressing <u>maternal mortality</u>, or protecting the <u>financial viability of treatment facilities</u> in rural Arizona.

### Housing

Policymakers will continue to debate and seek answers to the state's challenges with <a href="https://homelessness.org/">homelessness</a> and <a href="https://archallenges.org/">affordable housing</a>.

# Privacy & Artificial Intelligence

Governor Hobbs wants Arizona to be at the forefront of emerging technologies like <u>flying cars</u>, and the state has a history of embracing the latest inventions. Policymakers on both sides of the aisle have expressed concern about what rapidly evolving technology means for individual privacy and data collection, though, and may introduce new ideas about how to govern artificial intelligence and other developing resources.

### Public Safety

Republican legislative leaders have expressed a desire to pursue additional policy changes targeting <u>illegal immigration</u> and cross-border drug trafficking, and lawmakers will consider whether to allow Maricopa County to ask voters to extend a tax for jails and public safety.

## Regulation

House and Senate Republican leaders are enthusiastic about the Trump administration's focus on government efficiency and have dedicated policy committees to increase scrutiny of government regulations at the state level. In some areas, lawmakers are interested in increasing state regulations – like medians, wind turbines, school meals, licensing board oversight, balloon releases, and limits on local government tax increases.

## Water & Natural Resources

Years-long disputes about water policy have already begun anew, as Governor Hobbs expands her efforts to <u>use executive action</u> to <u>manage groundwater</u> and create alternative ways to meet the state's standards for <u>water supplies in developing areas</u> – options that go around the legislature. Republican lawmakers who have blocked similar efforts in the past are <u>ready to challenge</u> the Governor's authority to set policy without changing statutes and have their own ideas for addressing Arizona's long-term water supply.

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The 2025 legislative session begins on January 13 – <u>click here</u> for daily schedules.