



Arizona Funeral, Cemetery
and Cremation Association



ARIZONA FUNERAL, CEMETERY & CREMATION ASSOCIATION

End of Session Report

57th Arizona Legislature | Second Regular Session | 2026

Session at a Glance

2,030

Bills Introduced

415

Bills Sent to Governor

264

Bills Signed into Law

151

Bills Vetoed

162

Days in Session

\$18.3B

FY2027 State Budget

General Effective Date: September 12, 2026

AFCCA Legislative Priorities

Please find the AZFCCA tracking link here — [Skywolf AI](#).

The 2026 legislative session presented significant opportunities for Arizona’s funeral and cemetery industry. Operational timelines, regulatory compliance, and consumer framework updates remained central policy discussions at the Capitol, resulting in the introduction of bills directly affecting death certificate registration, permitting, and disposition authority.

Throughout the session, AFCCA actively engaged lawmakers, managed critical regulatory updates, and worked collaboratively with stakeholders to ensure proposed legislation maintained workable frameworks for industry professionals while serving Arizona families. The association focused on educating lawmakers about the practical administrative realities faced by funeral establishments, balancing legislative intent with operational feasibility to prevent systemic disruptions.

✓ **AMENDED — SIGNED BY GOVERNOR** [SB1668](#)

Disposition; Remains; Authorization; Legal Decision Making

Sponsored by Senator Shawna Bolick

The original bill proposed extending death certificate filing timelines and adjusting fetal remains permits. However, the text was completely replaced in the House with language clarifying who holds legal decision-making authority over a deceased minor in specific instances. This amended version successfully passed both chambers and was signed by Governor Hobbs.

○ **FAILED TO ADVANCE** [HB2181](#)

Death Certificates; Funeral Establishments; Timeline

Sponsored by Representative Julie Willoughby

HB2181 proposed extending the statutory deadline for completing and registering death certificates from 7 days to 14 days. Despite committee members raising concerns about whether the extension would resolve underlying compliance issues, it passed the House Commerce Committee 6-4-1 but failed to advance further.

○ **FAILED TO ADVANCE** [HB2184](#)

Fetal Death; Funeral Homes

Sponsored by Representative Julie Willoughby

This bill originally expanded fetal death certificate filing options. It was later replaced in the Senate with the original text of SB1668, which extended standard death certificate deadlines to 14 days, regulated the transfer of unborn remains, and updated custody rules for deceased minors’ remains. Despite stakeholder engagement, the bill never received a final Senate vote.

Administrative Rulemaking & Implementation Update

Beyond direct lobbying at the legislature, a major focus for AFCCA involved navigating the state’s administrative rulemaking process following the structural transfer of licensing and regulatory oversight to the Arizona Department of Health Services (ADHS).

The Governor's Regulatory Review Council (GRRC) formally approved the final Funeral Board incorporation rules. These [comprehensive rules](#), officially going into effect on July 6, 2026, introduce significant administrative updates for licensed entities:

Key Administrative Updates — Effective July 4, 2026

- ▶ **Establishment & Facility Standards:** Licensed funeral establishments are now required to maintain an official floor plan on file (hand-drawn plans are acceptable) and must file formal license updates to account for modifications in ownership, management, name, location, or physical structures.
- ▶ **Policies and Procedures Manuals:** Regulated facilities must develop and implement customized internal policies and procedures to align their business models with state health standards. Responsible funeral directors and cremationists carry direct statutory duties to ensure full facility compliance with these manuals.
- ▶ **Safety and Environmental Protocols:** The rules establish updated handling and containment procedures for remains involving radioactive materials, alongside updated equipment and transportation baselines. They also introduce concrete environmental and safety standards governing newer disposition modalities, including alkaline hydrolysis and natural organic reduction.

AFCCA remains in close collaboration with ADHS leadership to finalize the operational outlines for required facility manuals, ensuring all death care professionals have the materials, guidance, and resources necessary to achieve total regulatory compliance as enforcement begins. AFCCA has also released toolkits for members to utilize when drafting their policies and procedures manuals.

2026 Session Overview

The Second Regular Session of the 57th Arizona Legislature convened January 12, 2026, and adjourned *sine die* on June 13, 2026.

Governor Hobbs' Priorities

Affordability	Public Safety	Housing	Water Security	Tax Relief
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Key Gubernatorial Appointments Confirmed

Debbie Johnston AZ Dept. of Health Services	Ruby Dhillon-Williams AZ Dept. of Housing
Alix Skelpsa Ridgway AZ Office of Tourism	Charles Bassett Dept. of Insurance & Financial Institutions
Brig. Gen. John A. Conley Dept. of Emergency and Military Affairs	


The FY2027 State Budget

The most significant accomplishment of the 2026 session was adoption of Arizona's **\$18.3 billion** Fiscal Year 2027 budget, ending months of negotiations. Improving economic conditions and revenue during the first half of the year provided lawmakers with additional flexibility.

Budget Highlights

 **Water Security Investment**

- ▶ \$20 million transferred to the Water Supply Development Revolving Fund
- ▶ \$9.5 million deposited into the Water Quality Fee Fund
- ▶ \$6 million for Colorado River legal defense and litigation activities
- ▶ Expanded Cyber Ready Arizona Program eligibility to include local wastewater facilities

 **Housing and Homelessness**

- ▶ \$3 million for nonprofits providing statewide civil legal aid services
- ▶ \$5 million for Area Agencies on Aging services supporting vulnerable seniors
- ▶ Modifications to Housing Trust Fund award process to prioritize federally funded housing projects



Infrastructure, Transportation & Economic Development

- ▶ Public Infrastructure Improvement Program increases funding cap by \$50M annually for three years
- ▶ \$183 million one-time funding for School Facilities Division Building Renewal Grant Program, and continued \$16 million in baseline funding
- ▶ \$2.5 million annually from Highway User Revenue Fund into the SMART Fund for rural communities



Public Safety

- ▶ Border security fund maintained
- ▶ Victim assistance program funding preserved
- ▶ Law enforcement technology investments included
- ▶ One-time 4% correctional officer stipend converted to a permanent 4% annual salary increase

Tax Conformity: The Session's Biggest Battle

The most contentious issue of the 2026 session was Arizona's conformity with federal tax changes enacted through H.R. 1.

Legislative Majority Position

- ▶ Conformity simplifies tax filing for residents
- ▶ Maintaining alignment avoids taxpayer confusion
- ▶ Businesses benefit from consistency between federal and state tax codes

Governor Hobbs' Position

- ▶ Certain provisions would create long-term revenue losses
- ▶ Additional budget negotiations necessary before adopting broad conformity
- ▶ Fiscal caution required for long-term stability

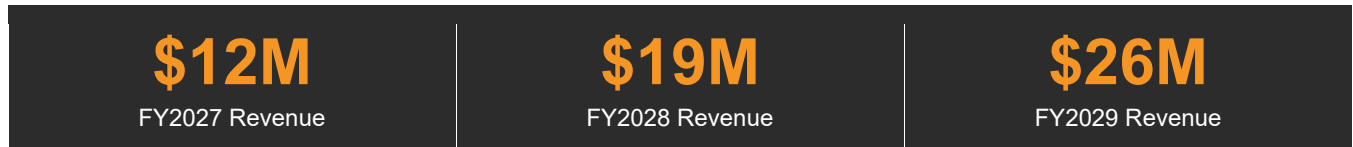
Final Outcome: Modified Conformity

The final budget adopts a modified conformity approach updating Arizona's tax code while limiting several of the more expensive federal provisions.

Individual Tax Changes	Business Tax Changes
<ul style="list-style-type: none"> ▶ Aligns standard deduction framework with federal law ▶ New \$6,000 state income tax deduction for taxpayers age 65+ ▶ Allows deductions for qualified tips up to \$25,000 ▶ Allows deductions for qualified overtime up to \$12,500 (single) / \$25,000 (married) 	<ul style="list-style-type: none"> ▶ 100% full expensing for eligible business property investments ▶ Full expensing for domestic R&D expenditures ▶ Federal business interest deduction calculations adopted ▶ Small business immediate expense threshold raised to \$2.5 million

Data Centers Take Center Stage

One of the fastest-growing policy debates involved Arizona's booming data center industry. The budget imposes a three-year moratorium on new Arizona Commerce Authority certifications for the state's data center equipment tax exemption. The moratorium is expected to generate:



Existing agreements remain protected, and previously approved projects retain their incentives. This compromise allows Arizona to reassess the long-term costs and benefits of data center incentives.

November 2026 Ballot Measures

The Legislature referred seven measures to the November 2026 ballot during the final hours of the session, bringing the total number of legislative referrals before voters to ten.

- ▶ Election administration and voter identification requirements
- ▶ Participation in school athletics based on biological sex
- ▶ Renewal requirements for municipal photo enforcement systems
- ▶ School district classroom spending requirements
- ▶ Expansion of constitutional protections relating to discrimination and preferential treatment
- ▶ Constitutional protections for Empowerment Scholarship Account funding used by military families
- ▶ Restrictions on the use of public resources to support labor organizations

Your Capitol Consulting Team

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Please do not hesitate to reach out to our team if you need anything at all.