

Economic Impacts of the U.S. “One Big Beautiful Bill Act” Energy Provisions on Arizona

Summary

The “One Big Beautiful Bill Act” was signed into law by President Trump on July 4th after being passed by the United States Congress. The final text slightly modifies the version passed by the U.S. House of Representatives in June, adjusting the timeline for repeal of some energy tax credits, changing domestic sourcing requirements, and excluding the repeal of U.S. Environmental Protection Agency tailpipe rules, which the Senate Parliamentarian ruled could not be included in reconciliation.

The bill will reduce additions of new, cost-effective electricity capacity in Arizona, raising power prices for consumers and decreasing the state’s GDP and job growth in the coming years. This summary of impacts is an addendum to our [national and state-by-state modeling of the House-passed text](#) released on June 11th.

Fewer Power Plant Additions

By quickly phasing out technology-neutral clean energy tax credits and adding complex material-sourcing requirements, the bill will significantly hamper the development of domestic electricity generation capacity. By 2035, we forecast a 10 gigawatt decrease in generation capacity in Arizona due to the measures in the reconciliation bill.

Change in Arizona Electricity Generation Capacity in 2035, GW

Wind	Solar	Batteries	Natural Gas
0	-8.8	-1.2	0

Increased Power Prices

The loss of low-cost renewables and the resulting increase in gas prices would increase electricity prices in Arizona. We forecast that wholesale electricity prices increase by 18 percent by 2030 and 69 percent by 2035. Wholesale electricity costs in Arizona would balloon from \$3.2 billion in 2035 with current policies to \$5.5 billion in the Senate scenario, a 70-percent increase over current policies. Utilities are expected to pass these costs on to consumers; we forecast the bill will raise electricity rates by 6 to 11 percent for residential, commercial, and industrial consumers in Arizona.

Households in Arizona will face significantly increased energy costs: We find \$140 annual increases in household energy bills by 2030 and \$220 by 2035.

Decreased Economic Activity

As deployment of new energy resources and advanced manufacturing decline under the bill, Arizona will lose out on significant planned private investment.

We forecast annual losses of \$3.9 billion in GDP by 2030 and \$3.9 billion by 2035 in Arizona. Summed through the budget window, energy provisions in the final bill would cost Arizona \$30 billion in GDP.

Workers will suffer from factory closures and construction halts. We forecast job losses of 18,000 jobs in 2030 and 20,000 jobs in 2035 in Arizona due to the Senate bill.

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Full results of our modeling are available on Zenodo [here](#). State level data results are available [here](#).