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Hopi Tribal Council applauds Arizona Governor Doug Ducey for signing H.B. 2003

KYKOTSMOVI, AZ – A bill to provide tax relief for Arizona’s Navajo Generating Station (NGS) by exempting income derived from coal mining from the state’s Transaction Privilege Tax (TPT) was signed into law by Governor Doug Ducey on April 25th 2018.

This Transaction Privilege Tax (TPT) refers to a “gross receipts tax” levied by the state of Arizona on certain persons or business classifications, such as mining, for the privilege of conducting business in the state. TPT differs from the true sales tax imposed by many other U.S. states in that this tax is imposed upon the seller rather than the purchaser.

As such, Navajo Generating Station was, until the signing of H.B. 2003 by Governor Ducey, subject to the TPT, which placed additional financial burden on the 2,250-megawatt coal-fired power plant, which has been on track to close when its lease expires at the end of 2019.

“It is encouraging to see the steps the Governor and State Legislature have taken,” said Clark W. Tenakhongva, Vice-Chairman of the Hopi Tribal Council, “the decommissioning of the Navajo Generating Station will have dramatic negative effects on the Hopi Tribe and the State of Arizona.”

In a Fiscal Note, prepared for H.B. 2003, it was estimated the proposed exemptions would reduce Arizona’s General Fund by \$9.1 million in Fiscal Year 2019, yet it was also reported in the same note that the ongoing revenue loss from a closed NGS would reduce the state’s General Fund by \$12.2 million.

Further, as NGS is the largest electricity power generator in the state, supplying electricity to customers in Arizona, California and Nevada and employing more than 400 full-time staff, Ninety-nine percent of whom are Native American, the closure of NGS would not only be detrimental to the state economies but also to tribal economies such as Hopi.

Thus, the signing of H.B. 2003 will likely help to extend the commercial life of NGS, an entity that stands as a crucial resource for the economic future of the Hopi Tribe.

“The Hopi Tribe is happy to see Governor Ducey’s strong leadership in promoting activities that protect the most vulnerable citizens living on the Hopi Reservation who have for decades built their entire economy around meeting the energy needs of Arizona.” stated Hopi Tribal Chairman Timothy Nuvangyaoma.

Yet, despite the fact that the signing of H.B. 2003 is an encouraging step toward keeping NGS operational by relieving some of its financial burden, unless a new lease is signed, the plant will begin dismantling at the expiration of its current lease on December 23, 2019, a fact the Hopi Tribal Council is well aware of.

[Although] we applaud Governor Ducey and the Arizona legislature for repealing this unlawful tax on our natural resources,” said Lamar B. Keevama, Tribal Council Representative and Chairman of the Water/Energy Committee of the Hopi Tribe. “We [would also] encourage the Governor to take all actions supporting the transition of the Navajo Generating Station to new owners to keep the plant operating long-term and protect the Hopi economy.”

“I am hopeful that as we move forward over the coming months that we can forge new partnerships to face this challenge and save the Navajo Generating Station” said Vice-Chairman Tenakhongva.

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