



24th Navajo Nation Council

Office of the Speaker

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BFC Studies Revenue Projections, Supports Power Line Project

TWIN ARROWS, Ariz. – The 24th Navajo Nation Council Budget and Finance Committee convened Tuesday to receive reports from Speaker Seth Damon (Bááháálí, Chichiltah, Manuelito, Tsé Lichíí, Rock Springs, Tsayatoh) and Navajo Nation Controller Pearline Kirk and to consider two legislations.

On April 2, Speaker Damon and Controller Kirk delivered a preliminary presentation to the BFC on the controller's initial fiscal year 2020 General Fund revenue and Permanent Trust Fund income projections.

"Revenues from coal are lower and revenue from taxes are lower this year," Controller Kirk said to the committee. In FY2018, coal revenues totaled \$56,319,000. Coal revenues are projected to come in at \$51,369,000 and \$28,423,000 for fiscal years 2019 and 2020, respectively. The considerable drop is due to the projected closure of the Navajo Generating Station and Peabody Kayenta Mine.

Tax revenue will decline by about \$2 million according to the controller, in part due to two council legislations to allocate tax revenue for fire and rescue services as well as two Navajo Tribal Utility Authority funds.

CJA-07-18 reduced from 60 percent to 50 percent the amount of revenue deposited into the General Fund from the nation's sales tax and general revenues. Among other provisions, the resolution allocates 16.6666 percent of both revenue streams to the Fire and Rescue Fund.

CO-62-17 allocates 60 percent of sales tax revenue associated with the construction of public water facilities and wastewater systems to the NTUA Emergency Reserve Fund and Replacement Reserve Fund. The funds were created to comply with federal requirements necessary to transfer the operations and maintenance of the Navajo Gallup Water Supply project to the Nation.

In response to a question from Delegate Jimmy Yellowhair (Black Mesa, Forest Lake, Hardrock, Pinõn, Whippoorwill), Aktar Zaman, director of the Navajo Nation Minerals Dept., explained that the current fiscal year projection includes a guaranteed payment of \$18 million for coal royalties, as negotiated in the NGS lease extension. Even if mining halts in August or September, the Nation will be paid the difference of the collected royalties and \$18 million, according to Zaman.

On December 23, 2019, an \$18 million payment will be due to the Nation by the NGS owners for the decommissioning of certain assets the Nation elected to retain in the extension lease, including \$17.1 million for the railroad used to transport coal from the mine to NGS. Unless Council passes legislation designating the payment for another purpose, the payment will be added to the budget as a non-recurring line item and have the ordinary set asides deducted.

Delegate Raymond Smith, Jr. (Houck, Klagetoh, Nahat'a Dziil, Tsé Si'áni, Wide Ruins), BFC vice chair, stated that he thinks serious deliberation needs to accompany whether to invest the one-time payment, preserve some of it for the projected \$22 million shortfall in the 2021 budget, or treat the money as ordinary revenue to the nation. "I would hate to see it spent – just like that," said Delegate Smith.

Delegate Jamie Henio (Alamo, Ramah, Tóhajiilee), BFC chair, requested the controller make a follow up report with final revenue projections and provide options for handling the \$18 million decommissioning payment.

In his presentation, Speaker Damon provided a report and several recommendations on the updated Undesignated Unreserved Balance Fund figures. Commonly known as the UUFB, the fund is, in essence, a collection of surplus revenues, beyond projected outlay requirements, that Council can appropriate for various purposes.

Approximately \$42 million is available in the UUFB, up from \$47,000 reported earlier in the month.

Speaker Damon submitted for consideration an appropriations distribution to account for the chapter stipend shortfall, the summer youth employment program, and monies to shore up the projected FY2021 shortfall, among other purposes. The proposal follows the distribution below.

- Set aside for FY2021 shortfall: \$22,000,000
- FY2019 chapter stipends: \$1,300,000
- FY2019 summer youth employment: \$3,000,000
- FY2019 program shortfall: \$2,000,000
- President's UUFB request: \$1,000,000
- Judicial Branch UUFB request: \$1,000,000
- Navajo Nation Council Priorities: \$12,034,700

The speaker explained he would be approaching each standing committee and branch of government to present the proposal and request their input on how to appropriate the UUFB.

"I want to listen to each of my colleagues. This is a strategic position statement we need to send to the nation together," Speaker Damon stated.

It is important to consider how to best sustain existing programs, purposefully advance the nation's priorities, and work cooperatively with each branch of government, Delegate Elmer Begay (Dilkon, Greasewood Springs, Indian Wells, Teesto, Whitecone) shared with his colleagues.

The committee also approved two legislations.

The committee unanimously passed Legislation 0046-19, which moves \$621,666.66 from Year Three to the Year Two for the Naatsis'aan Rainbow Plateau Power Line project in the Siihasin expenditure plan passed by the 23rd Council in CAP-35-18. Since the project is *shovel ready*, Delegate Herman Daniels (Shonto, Naa'tsis'áán, Oljato, Ts'áh Bii Kin), the legislation's sponsor, Chapter President Hank Stevens, and Community Service Coordinator Lorena Atene all testified it is in the best interest to advance the funding to connect the families to the grid as soon as possible. The Resources and Development Committee issued a unanimous *do pass* recommendation on March 25.

Additionally, the committee selected Delegates Jamie Henio and Elmer Begay to serve on the Naabik'iyáti' Tittle II Reform Subcommittee. The appointment legislation 0068-19 is sponsored by Delegate Rickie Nez (Nenahnezad, Newcomb, San Juan, T'iis Tsoh Sikaad, Tse'Daa'Kaan, Upper Fruitland), who presented it before the BFC.

The next regular BFC meeting will be May 14 in Window Rock.

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