April 16, 2017

I recently read about a City sponsored solar project going to the County Commissioners asking for a 6-to-8 year tax abatement, which mean they would not have to pay taxes on equipment to the tune of $800,000 to $1,000,000.

I understand local businessman Joe DiGregorio spoke against granting the tax abatement mainly citing the Counties deteriorating finances, which is limiting County services and causing employee layoffs. He felt the Commissioners should protect future tax revenues and he wasn't convinced the energy savings would be realized as predicted.

Well, I tend to agree with Mr. "D". He is a very smart businessman.

Here is my take on the situation. First, if I am a local businessman who wants to start a high cost venture, I have to purchase land, but in this case the City is granting this company the use of City land. Second, because I had to purchase the land I have to pay property taxes, but in this case because the solar project is on city land, that exempts them from paying property taxes. Then I build my business or plant and I have to pay taxes on the fixtures and equipment. In this case, the company with City support is now asking the County to give up that tax revenue by granting 6-to-8 year tax abatement.

So my big problem with this is "how come" outside businesses always get these types of breaks and the local businesses don't get the same treatment. That is just not "fair play". Every businessman I talked to on this "agrees".

In the past, I worked for many years with the Navajo Nation government in various high level financial and economic development positions. Numerous times I had to review projects being proposed to the Navajo Nation Government requesting Tribal investment [cash or $1 per year leases], incentives and/or tax breaks.

What I found was that many of them could not stand on their own financially without such injection of government capital [cash or land] or tax breaks and waivers. They were not financially viable without these government incentives or tax breaks. In short if the solar project is really financially viable then they should not need more local tax breaks.

Depending on how this project is structured, they are probably getting federal and state tax incentives or breaks already. Then the City is letting them build on City land thereby avoiding property taxes and now they want a total free ride from the County by having the County give them tax abatement for 6-8 years.

I am sorry I think they are asking for too much.

I also predict that if the Commissioners say “no”, this company will go back to their people, come back and say “it is all or nothing”. That is how the game is played. They think you will want what they are offering so bad, you are willing to sell the farm, your wife and kids to get it.

Commissioners, I hope you will stand firm.

Another Concerned Citizen of Gallup

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