

Update on Transwestern Litigation

Summary:

Northland Pioneer College (NPC, the District) receives property taxes from Transwestern Pipeline Company (Transwestern). The natural gas pipeline crosses seven counties in Arizona and is valued or assessed by the Department of Revenue (DOR), who oversees utilities. The outcome of recent litigation has resulted in a refund due to Transwestern. The estimated impact for the District is \$299,083, without any interest.

Transwestern filed a complaint against the DOR and also identified the seven counties as defendants. Those counties include Apache, Coconino, Maricopa, Mohave, Navajo, Pinal and Yavapai. The complaint stated the DOR was improperly valuing the pipeline for tax years 2016 and 2017. Later, Transwestern made a settlement offer to resolve all property tax appeals for tax years 2016 to 2021, and agree to a methodology for valuing property for tax year 2022 and subsequent years. Transwestern argues that the full cash value of the pipeline exceeds the market value in accordance with state statute.

The settlement offer allows the defendants to provide a refund or credit amounts to unpaid property taxes. This process will be administered by Navajo County Treasurer's office. The college is waiting for the final refund and interest amounts before it determines how the refund will be paid.

The seven counties are working with state legislators and other key stakeholders to introduce legislation that would prevent future assessment issues and to develop a financial package that would hold all impacted parties harmless. Any legislative action will be provided when it is available.

