# EMPOWERING TRIBAL ECONOMIC DEVELOPMENT:
Indian Country’s Policy Recommendations for the Federal Government

**Introduction:** Across Indian Country, a growing number of Tribal Nations are authoring extraordinary stories of economic progress. From creating successful Nation-owned enterprises to cultivating Tribal citizen-owned businesses to preparing their people to take full advantage of expanding economic and job opportunities, we are building sustainable Tribal economies to revitalize our communities. Driving this remarkable yet uneven economic renaissance is Tribal self-determination, specifically the responsibility and capacity that each Tribal Nation exercises to create a robust economy based on its own cultural values, distinct challenges, particular circumstances, and short- and long-term community development priorities. Yet we know that more action is needed to drive economic and job growth.

**Policy Recommendations:** Featured below are top-line policy recommendations to enhance the ability of Tribal Nations to achieve economic prosperity capable of providing their citizens with job opportunities and a good quality of life. These recommendations serve as a foundation for a deeper dialogue between Tribal Nations and the Administration and Congress about key steps that the federal government should take to empower Tribal economic development efforts.

## TOP-LINE POLICY RECOMMENDATIONS

### TRIBAL PLANNING AND FEDERAL SUPPORT (*supporting Tribal strategic planning efforts for economic development*)

- Encourage agencies to support Tribal Nations’ efforts to engage in comprehensive economic/infrastructure development planning: Tribal Nations need resources to integrate planning for economic development and jobs, transportation, housing, and utilities for the development of healthy communities.
- Provide more loan and grant funds to Tribal Nations for business project planning and feasibility studies.
- Expand the Promise Zone initiative to enable more Tribal Nations to take advantage.
- The Secretary of Commerce should appoint an Office of Native American Business Development Director.
- Fully support ONABD to expand Native American businesses, economic and broadband infrastructure development, and trade promotion and tourism by coordinating with federal agencies with related responsibilities.

### TAX REFORM FOR ECONOMIC GROWTH (*enhancing Tribal Nations’ taxing authority to seed economic development*)

- Eliminate the harms of dual taxation of tribal commerce by modernizing the Indian Trader regulations administered by the Department of Interior (see NCAI Resolution SD-15-045).
- Empower Tribal Governments to access tax-exempt bond markets. Undertake tax reform to eliminate the “essential government function” test for Tribal government tax-exempt bonds. The IRS has unfairly interpreted this provision to exclude economic development as a governmental function, while state and local governments frequently use tax-exempt financing for development projects.
- Make permanent the accelerated depreciation, employment tax, and other Indian Country-related credits; and provide other tax incentives to attract investment in Indian Country. Congress should make tax incentives permanent so that employers can rely on the incentives when planning to locate their businesses.

### INFRASTRUCTURE DEVELOPMENT (*providing a critical foundation for building sustainable Tribal economies*)

- Invest in modernizing and expanding Indian Country’s infrastructure (addressing unmet deferred maintenance needs, capitalizing shovel-ready projects, etc.) in order to energize self-determined, sustainable community development and economic opportunity in Tribal communities.
- Fund and incentivize the development of Indian Country’s telecommunications infrastructure to create new economic development opportunities, streamline government operations, and increase access to quality healthcare and educational opportunities.
- Provide Tribal Governments with direct access to federal tax credit programs such as the New Markets and Low Income Housing Tax Credit programs – among other federal incentives, which will help spur public-private partnerships to rebuild Indian Country infrastructure.
- Improve permitting process to include Tribal Nations in planning to respect Tribal lands, resources, and cultural sites.

### MARKETPLACE COMPETITIVENESS (*leveling the commercial playing field to enable Native businesses to fairly compete*)

- Enable tribes to establish Sub Chapter S Corporations by amending Section 1361 of the federal tax code.
- Fully implement and enforce the Buy Indian Act: Ensure that the procurement policies and practices of key federal agencies like the BIA and IHS guarantee prioritized purchasing from Native vendors in accordance with the law.
- Increase federal contracting opportunities available to Tribally owned and Native citizen-owned businesses.
• Amend 13 CFR 126.200(3) to require a HUBZone small business to maintain a principal office in a HUBZone and ensure that at least 35% of its indirect employees reside in a HUBZone; or certify that when performing a HUBZone contract, at least 35% of its indirect employees will reside within any Indian reservation. This will enhance the ability of Native-owned firms to compete for HUBZone contracts.
• Amend the Indian Incentive Act to change the 5% rebate offered to DOD prime contractors who subcontract to Native-owned businesses to a 5% credit to better incentivize contractors to use Native-owned businesses.

ACCESS TO CAPITAL AND CREDIT (and other financial products that support the growth of Tribal economies)
• Fully fund Native-focused business and procurement technical assistance centers and incubators.
• Increase credit subsidies for federal loan guarantee programs best suited to leverage substantially more private sector financing for business, economic, infrastructure, energy and agriculture development (i.e., loan guarantee programs of the Departments of Interior, Energy and Agriculture-Rural Development, or USDA-RD).
• Allocate Indian Country greater percentages than previously made available by the Economic Development Administration, USDA-RD, Energy, the Small Business Administration, and the Community Development Financial Institutions Fund (i.e., more Native-focused program support for Native CDFIs, bond guarantees, etc.).
• Reinstate and make permanent the waiver for the non-federal match requirement for the CDFI Fund’s Native American CDFI Assistance Financial Assistance Program.
• Launch an Initiative to Expand Native Community Development Financial Institution (CDFI) Participation in SBA’s Capital Access Programs.
• Amend the Community Facilities Direct Loan Program re-lending regulations to accommodate Native CDFIs.
• Remove barriers to Native CDFI participation in the CDFI Bond Guarantee Program.
• Reinstate the Administration for Native Americans (ANA) Native Asset Building Initiative.
• Expand financial education programs in Native communities: Agencies should support efforts to provide Native people in unbanked or under-banked communities an opportunity to build their financial skills, which would work to reduce one of the barriers to business development.

LAND AND ENERGY DEVELOPMENT (streamlining bureaucratic/approval processes, incentivizing Tribal financing, etc.)
• Pass the Indian Tribal Energy Development and Self-Determination Act, which will increase Tribal control and flexibility over energy development (see NCAI Resolution #REN-13-077).
• Implement the Indian Trust Asset Management Reform Act: Last year, Congress passed an important new law authorizing the Secretary of the Interior to establish an Under Secretary for Indian Affairs. The position will address a major issue that has been raised in every significant study of trust management at Interior: the lack of clear lines of authority and responsibility to ensure accountability for trust reform efforts by the various divisions of the Department of Interior.
• Continue to place land into trust: Land acquisitions are necessary to consolidate allotted lands, most often for grazing, forestry, or agricultural purposes. Other common acquisitions include land for Indian housing, economic development, health clinics, and tribal schools.

Contribution Organizations: These recommendations emerge from a collaborative effort of the following national organizations serving the needs and interests of Tribal Nations: the National Center for American Indian Enterprise Development, National Congress of American Indians, National Indian Gaming Association, Native American Contractors Association, Native American Finance Officers Association, and Native CDFI Network. For more information about these recommendations, contact NCAI at irecord@ncai.org.