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**Testimony before the House Appropriations Subcommittee on the Interior,
Environment, and Related Agencies**

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Introduction

Greetings Chairman Simpson, Ranking Member Pingree, and Members of the Interior Appropriations Subcommittee. Thank you for the opportunity to testify today on behalf of NAFOA, founded as the Native American Finance Officers Association. For over 40 years, NAFOA has worked to grow Tribal economies and strengthen Tribal finance through advocacy, education, and policy development. Our more than 190 Member Tribes and their enterprises represent the full diversity of Indian Country's economic landscape — from gaming and energy to agriculture, federal contracting, and beyond.

Tribal Nations are not peripheral to the national economy. They are essential contributors to it. The policies this Subcommittee funds and oversees directly affect the capacity of Tribal governments to serve their citizens, develop their economies, and fulfill the promises embedded in federal trust and treaty obligations. Respecting Tribal sovereignty is not just a legal obligation — it is sound economic policy. When Tribal Nations have the tools to build strong, self-determined economies, Indian Country and the nation are stronger for it.

Tribal Economic Development Programs

Last month, NAFOA Board President Rodney Butler, Chairman of the Mashantucket Pequot Tribal Nation, testified before the House Natural Resources Subcommittee on Indian and Insular Affairs regarding federal economic development assistance programs. The hearing examined findings from recent Government Accountability Office (GAO) reports documenting the challenges Tribes face when accessing and implementing these programs. NAFOA has been engaged with GAO on these issues since 2021 and has worked to compile a comprehensive set of recommendations:

- Design Federal programs in coordination with Tribes from the start
- Reduce administrative burdens on Tribal staff
- Provide comprehensive training and technical assistance
- Improve communication and timeline management
- Create clear, accessible information resources
- Collect and utilize Tribal-specific data

These are not abstract recommendations. They reflect the lived experience of Tribal finance officers and administrators who navigate complex federal systems daily. Congress has an opportunity — and an obligation — to act on them. NAFOA looks forward to continuing to work with Congress and the Administration to ensure that Tribal Nations compete on a level playing field in economic and business development.

Tax Parity and the Tribal Tax and Investment Reform Act

Last month, the bipartisan Tribal Tax and Investment Reform Act of 2026 (TTIRA), H.R. 7705, was introduced by Representatives Gwen Moore (D-WI) and David Schweikert (R-AZ). The legislation addresses long-standing inequities in the federal tax code that disadvantage Tribal Nations relative to state and local governments. H.R. 7705 builds on previous bipartisan efforts: H.R. 8318 from the 118th Congress and S. 2022, introduced in the Senate by Senators Cortez Masto (D-NV) and Murkowski (R-AK).

Progress is already underway. Last year, Congress passed two important provisions: P.L. 118-258, which strengthened Tribal Child Support Enforcement Agencies and created parity in access to the Federal Tax Refund Offset Program; and a provision in P.L. 119-21 granting Tribal Nations parity with states in making special needs determinations for the adoption tax credit. These were meaningful steps. But the work is far from complete.

The TTIRA addresses four critical areas: tax-exempt bond access, the New Markets Tax Credit (NMTC), the Low-Income Housing Tax Credit (LIHTC), and the General Welfare Exclusion (GWE). Of these, the bond gap may be the most striking. According to the Brookings Institution, from 2014 to 2020, state governments issued \$47 billion annually in non-taxable municipal bonds, compared to \$84 million by Tribal governments — a 559-fold disparity. This gap is not the result of diminished need or lack of economic ambition. It is the direct result of inequitable policy.

A central driver of this inequity is the “essential governmental function” test, which limits Tribal bond financing to the narrowest set of purposes available to any government. The IRS interprets this standard as prohibiting Tribal governments from financing commercial or industrial projects — including hotels, convention centers, and golf courses — that cities and counties finance routinely. This standard has grown more restrictive for Tribes than for states over time, largely due to the 1987 amendment and subsequent IRS rulings. It is an ambiguous standard that directly undermines the federal government’s trust obligations. The TTIRA corrects it.

Treasury and the Tribal Treasury Advisory Committee

NAFOA strongly urges Congress to make the Treasury Department’s Office of Tribal and Native Affairs (OTNA) permanent and to ensure the continuation of the Tribal Treasury Advisory Committee (TTAC). These institutions represent the federal government’s commitment to consultation in action. They provide technical guidance, support Tribal access to tax incentives and economic development tools, and ensure meaningful Tribal input on tax and economic policy.

The finalized General Welfare Exclusion rules, developed in consultation with Tribal Nations, are a direct result of this process. The guidance affirms sovereign Tribal discretion over general welfare benefit programs — including the authority to determine

program types, benefit levels, and administrative structures consistent with each Tribe's unique circumstances, needs, and culture. This is federal policy working as it should.

However, unresolved questions remain. Tribal members who receive financial assistance from their Tribal governments continue to face income and asset limits under SSI that can reduce their federal benefits below what other recipients receive. This is harmful to Tribal members who need these programs the most, and it warrants Congressional attention.

The finalized rules also provide long-sought clarity for Tribally Chartered Corporate entities, explicitly exempting wholly owned Tribal corporations and LLCs organized under Tribal law from federal income tax. The exemption extends through tiered and indirect ownership structures, reducing administrative burdens, particularly for multi-Tribal entities. NAFOA is now surveying Member Tribes on their use of various corporate structures to ensure that future guidance reflects the full breadth of Tribal economic activity.

Carcieri Fix

The Supreme Court's Carcieri decision has imposed high costs on Tribal Nations: costly litigation, restricted land-into-trust processes, and deterred investment in Indian Country. H.R. 5257, introduced last September by Chairman Cole (R-OK), addresses this directly by reaffirming the status of all land taken into trust for any federally recognized Tribal Nation prior to the bill's enactment. NAFOA supports this legislation and urges the Subcommittee to do the same.

Appropriations Reclassification

Inconsistent federal funding cycles impose real costs on Tribal governments. When programs that carry legal obligations are funded through discretionary appropriations, Tribes cannot reliably plan for services their citizens depend on. NAFOA recommends reclassifying tribally directed programs — particularly Contract Support Costs and Payments for Tribal Leases under the Indian Self-Determination and Education Assistance Act — as mandatory appropriations.

As Congress has previously recognized in S. Rept. 118-83, Contract Support Costs and 105(l) lease payments create a type of budgetary entitlement that is not well-suited to discretionary funding. Reclassification would align funding mechanisms with existing legal obligations, improve Tribal budget forecasting, and support stronger long-term economic planning.

Indian Loan Guarantee Program

NAFOA encourages Congress to protect and expand available lending authority through the Department of the Interior's Indian Loan Guarantee Program (ILGP). The ILGP is a critical tool for Tribal capital access — but as currently authorized, Tribes cannot combine ILGP financing with the New Markets Tax Credit. This is a significant limitation

with a simple, low-cost legislative fix. Resolving it would meaningfully expand Tribal access to capital for economic development and should be a priority.

Conclusion

The President's Budget Request is expected the week of March 30th, and NAFOA is eager to see the Administration's priorities for Indian Country. We look forward to working with Congress and the Administration to ensure that federal investments in Tribal economies are commensurate with the federal government's trust and treaty obligations.

The evidence is clear: when Tribal Nations have the policy tools, capital access, and institutional support to develop their economies, their communities thrive — and so does the national economy. Honoring Tribal sovereignty and investing in Tribal economic development is not charity. It is responsible governance.

Thank you for your attention to these vital matters. NAFOA stands ready as a resource for conversations, connections, and the development of sound solutions that advance Indian Country and the National economy.