



September 17<sup>th</sup>, 2024

**Re: Support for Tribal Tax Parity and Investment Reform (H.R. 8318)**

Dear Congressional Leaders, Allies, and Supporters:

On May 8<sup>th</sup>, 2024, Congresswoman Gwen Moore (D-WI) and Congressman David Schweikert (R-AZ) introduced the bipartisan H.R. 8318, the Tribal Tax and Investment Reform Act. This legislation amends the Internal Revenue Code to bring parity for Tribal governments to access the same financing opportunities and engage in economic development and job creation activities similar to state governments. The five organizations – advocating on behalf of Indian Tribes, Alaska Native, and Native Hawaiian governing organizations, economic enterprises, and businesses owned by Tribal citizens – we write in strong support of this critical legislation. Enactment of H.R. 8318 will remove persistent barriers to accessing the necessary capital required to support economic development and growth in Tribal communities.

One of the most important changes proposed in the legislation is the removal of the essential government function (“EGF”) test for tax-exempt bond issuance by Tribal governments. Unlike state and municipal governments, which have the ability to issue tax-exempt debt to fund projects related to economic development, Tribal governments are restricted to only those that meet the EGF test. The EGF is an unfair, limiting criterion placed on Tribal governments to issue tax-exempt bonds and violates the trust and treaty obligations of the federal government to support Tribal economic development. This amendment would finally put Tribal governments on equal footing with their state and municipal counterparts with respect to tax-exempt borrowing.

To understand the depth of inequity related to the issuance of tax-exempt debt, a 2013 study by the Department of the Treasury found that Tribal participation in the tax-exempt bond market rarely surpassed one-fifth of one percent in any given year. This is unacceptable and demonstrates the unfair economic playing field on which Tribal governments have long found themselves.

The Tribal Tax and Investment Reform Act provides a number of critical and long overdue changes to the tax code. These include a dedicated annual allocation of New Market Tax Credits, increased tax credits through the Low-Income Housing Tax Credit Program for projects in Tribal communities, and the treatment of Tribal foundations and charities like those funding and controlled by other governmental entities and sponsors.

These amendments will increase the ability of Tribal governments to access capital for economic development initiatives, job creation, and the diversification of our economic bases. Enactment of H.R.

8318 would uphold the federal government's trust and treaty obligations to support Tribal sovereignty and self-determination. Specifically, this legislation would support the inherent right of Tribal governments to freely engage in economic development to support Nation rebuilding and the economic well-being of our communities.

As an extensive body of research affirms, when Tribal Nations thrive economically, it produces a positive and significant economic ripple effect for the region and job creation for state and local economies. We encourage you to cosponsor and support the bipartisan Tribal Tax and Investment Reform Act and uphold the federal government's trust and treaty obligations to support economic development for Tribal Nations. Thank you very much for your time and consideration of this important legislation.

Sincerely,

Chairman Rodney Butler  
Board President  
Native American Finance Officers  
Association

Judith Wright  
President  
National Native American Human  
Resource Association Board of  
Directors

Mark Macarro  
President  
National Congress of  
American Indians

Chief Kirk Francis  
President  
United South and Eastern  
Tribes Sovereignty Protection Fund

Lynn Valbuena  
Chairwoman  
Tribal Alliance of Sovereign Indian  
Nations