

**Statement of Nathan Small, Chairman of the Fort Hall Business Council  
for the  
Shoshone-Bannock Tribes  
Ft. Hall Indian Reservation, Idaho**

**Senate Committee on Indian Affairs  
Field Hearing on  
“Strengthening Self-Sufficiency: Overcoming Barriers to  
Economic Development in Native Communities”**

**170 Kaahumanu Avenue  
Kahului, HI**

**Wednesday, August 17, 2011**

Good morning, Chairman Akaka and Members of the Committee. My name is Nathan Small and I am the Chairman of the Fort Hall Business Council, which is the governing body of the Shoshone-Bannock Tribes (Tribes) located on the Fort Hall Indian Reservation (Reservation) in southeast Idaho. I am honored to be here today to discuss the Tribes’ economic development initiatives, our success stories, and the challenges we face to bring economic vitality to our people, our community, and the surrounding area.

**Background on the History of the Shoshone-Bannock Tribes**

The Tribes are a federally recognized Indian tribe organized under the Indian Reorganization Act of 1934. The Shoshone and Bannock people are comprised of several related bands whose aboriginal territories include land in what are now the states of Idaho, Wyoming, Utah, Nevada, Colorado, Oregon, and parts of Montana and California. In 1867, President Andrew Johnson by Executive Order designated the Fort Hall Indian Reservation for various Shoshone and Bannock bands that occupied the area since time immemorial. On July 3, 1868, the Shoshone and Bannock Tribes concluded the Second Treaty of Fort Bridger, which was ratified by the United States Senate on February 24, 1869. Article 4 of the Fort Bridger treaty promises that the Reservation would be a “permanent home” to the signatory tribes.

Although the Fort Bridger Treaty called for the Reservation to be approximately 1.8 million acres, various “surveying errors” in 1873 reduced its actual size to approximately 1.2 million acres.

One of the United States’ purposes in setting aside the Reservation was to protect the Tribes’ rights and to preserve for them a home where their tribal relations might be enjoyed under shelter of authority of the United States. Subsequent cession agreements with the United States reduced the Reservation to the present day size of 544,000 acres. Of the 544,000 acres, 97% of the land is tribal land or held by the United States in trust for the benefit of the Tribes or its individual members. The Reservation is the largest reservation in Idaho. Our Reservation provides an irreplaceable homeland for economic activity and cultural practices based on strong religious traditions premised on the sacredness of our land. Our current tribal membership is approximately 5,300 members.

Our Reservation is blessed with an extensive biodiversity including rangelands, croplands, forests, streams, three major rivers (the Snake, Blackfoot, and Portneuf), reservoirs, springs, and wetland areas, an abundance of medicinal and edible plants, wildlife (elk, deer, moose, bison, big horn sheep, etc.), various species of fish, birds, and other animal life. The Reservation lands are mountainous and semi-desert, and overlay the Snake River aquifer, a large groundwater resource. The culture and continued existence of the Shoshone and Bannock peoples depend on these resources.

### **Our Current Economic Situation**

The Ft. Hall Indian Reservation is named after a trading post that was an important stop in the 1800’s along the Oregon Trail and California Trail. The Reservation is situated in the

counties of Bannock, Bingham, Power, and Caribou in southeastern Idaho with the city of Pocatello on its southern border and the city of Blackfoot on its northern border.

The Shoshone-Bannock Tribes commissioned a report titled *2009 Economic Impacts of the Shoshone-Bannock Tribes on the Regional Economy*. The report was completed in October 2010. Below are highlights from the report to help paint a picture of the current economic conditions on the Reservation:

- The Shoshone-Bannock Tribes have increased total regional employment by 4,097 jobs including the multiplier effects (i.e., the direct, indirect, and induced impacts).
- Total sales from tribal economic activity was \$330.6 million in 2009 including the multiplier effects.
- The Shoshone-Bannock Tribes have raised gross regional product (value-added) by \$183.0 million, of which approximately 29% is from agriculture.
- New tourist traffic to the Tribes' casinos is estimated at 200,000 people per year; over 40% are from out of state, representing new dollars to the state economy.
- In terms of employment rankings, the Shoshone-Bannock Tribes would rank 1<sup>st</sup> place in Bingham County if all 920 direct employees were situated in Bingham County. The Tribes would rank 4<sup>th</sup> place in Bannock County if all direct employees were situated in Bannock County. Statewide the Tribes rank in the top 66 Idaho employers (public and private) and would rank 40<sup>th</sup> place against private employers alone.
- In the four-county regional economy, the Tribes constitute 5.7% of all jobs, 3.6% of all sales, and 4% of all wage and salary earnings (including the multiplier effects).
- In comparison to Bannock County (alone), the Tribes would constitute 9.6% of all jobs, 7.3% of all sales, and 7.6% of all wage and salary earnings (including the multiplier effects) if all tribal activities were situated in Bannock County.

The Tribes are very proud of what we've accomplished in revitalizing our economy despite the barriers described below but we still have a long way to go in improving the quality of life of our people. Below, I set forth specific areas where the Tribes seek assistance to address obstacles and concerns in order to create opportunities for economic development.

## **Grave Concerns Over the Budget Control Act of 2011**

The need for this hearing and the need to develop economic solutions in Indian country are heightened by the debt limit crisis and the faltering U.S. economy. We commend Senator Crapo, our Senator, for his tremendous efforts as part of the “Gang of Six” to work across party lines to avert a government default. We know that he spent a great deal of time working on this problem, and we thank him for his service. America needs more leaders like Senator Crapo who truly puts the country and its economic future first instead of getting mired in unyielding partisan and ideological bickering. After all, you can’t cut up principles on a plate.

Congress passed and the President signed the Budget Control Act of 2011 (Public Law 112-25) on August 2, 2011, which ultimately raised the debt ceiling through 2013 and put in place a number of austerity measures to cut government spending. The Act cuts government projected spending by \$2.3 trillion over the next decade, starting with \$841 billion in spending caps and \$44 billion in projected cuts for FY12. A Joint Select Committee on Deficit Reduction (also known as the "Super Committee") created under the Act would then issue recommendations for another \$1.5 trillion in cuts over the next decade. The Congress must pass and the President must sign legislation containing the Super Committee’s recommendations by January 15, 2012; otherwise, agency budgets will automatically be cut across the board by \$1.2 trillion. While we acknowledge that this agreement was vital to avoid a government default, we are very concerned about this agreement.

The federal government must learn to live within its means; but, at the same time, it must honor its treaty and trust obligations with Indian tribes. The status of Indian tribes as governments is specifically acknowledged in the U.S. Constitution, and our treaties are affirmed

in it to be the “supreme Law of the Land.” Through hundreds of treaties with the United States, Indian tribes, like the Shoshone-Bannock Tribes, ceded hundreds of millions of acres of our homelands to build this great nation. In return, the United States promised to provide for the health care, education, public safety, and general welfare of Indian citizens.

To uphold the federal government’s solemn treaty and trust obligations, Indian programs must be held harmless in the face of projected cuts. In other words, these programs should not be viewed as “discretionary” spending or as “pork” that can be cut. For these reasons, we urge Congress to use a scalpel as it makes reductions to federal spending instead of a cleaver. We urge the Senate Committee on Indian Affairs to dialogue and educate the Super Committee and its colleagues in the Congress about the government’s obligations to Indian tribes as these bodies work to meet the requirements of the Budget Control Act.

### **Federal Barriers to Tribal Economic Development**

Past and current federal laws and policies have wreaked havoc on tribal economies, ignored tribal infrastructure needs, and suppressed Indian economic development. While the current federal policy supporting Indian self-determination has enabled some tribes to make headway towards reaching the ultimate goal of economic self-sufficiency, many barriers remain.

The barriers range from the most basic needs to spur reservation businesses and investment, such as infrastructure (it is estimated that unmet tribal infrastructure needs exceed \$50 billion), to the more complex, such as a general lack of understanding of tribal court systems and jurisdiction in Indian country. In addition, tribal governments and individual Indian entrepreneurs have long lacked the access to capital that many non-Indian small businesses have. The Treasury Department reports that the equity investment gap in Indian country is \$44 billion. Both Indian businesses and non-Indian businesses seeking to initiate or continue commercial

activity in Indian country also face difficulty in staffing their operations because generational poverty and unemployment have resulted in an untrained workforce on a number of reservations. In addition, the status of Indian lands, which are held in trust by the United States, creates barriers to investment and business. The trust status of Indian lands -- and federal laws that attach to that status -- force tribal governments to obtain federal agency approval for even the most minute decisions and require tribal governments to comply with costly and time-consuming environmental requirements set forth in the National Environmental Policy Act (NEPA). These same federal burdens are not present outside of Indian country.

The remainder of my testimony discusses proposals to address many of the barriers identified above.

### **Need for Access to Capital**

The Ft. Hall Indian Reservation has historically faced many barriers to economic development that continue to this day. Due to the historic downgrade of the U.S. credit rating and the potential downgrade in the municipal bond market, we are concerned that the economic barriers we face will multiply as a result of a decrease in liquidity and possible rising interest rates in the future. This will negatively impact our economic development, housing, and infrastructure projects. It is already difficult for us to find capital for major projects, and now we fear that it will only get more difficult and more expensive to the point of being cost prohibitive.

For example, the Tribes expect to open its new \$47 million 164,000 square feet Hotel and Event Center by May 2012. The event center will seat up to 1,400 people and accommodate meetings, conferences, banquets, and entertainment venues. The five-story hotel will include 156 rooms, laundry facilities, a guest pool, a spa and fitness center, and a sports grill and deli. This facility has been years in the making, and the groundbreaking was on April 27, 2011. This

project will be an economic boon for the Reservation and for southeastern Idaho, bringing in hundreds of millions of dollars. However, we are concerned how the economic downturn and the drying up of financing may impact our new facility and are, therefore, closely monitoring the situation. The Bank of Albuquerque approved a \$33 million loan secured with a guarantee under the Indian Guaranteed Loan Program for the project. We went through a long, difficult journey to secure the financing despite the fact that the Tribes have stellar credit, so we can only imagine how much harder it will be to move on future projects with the stagnating economy. Moreover, this saga continues to this day as we must jump through hurdles to keep the financing in place. Even with a sizeable guarantee on the loan, it seems the lender keeps coming back for a double guarantee to the point that we feel like we are practically signing our lives away.

The Indian Guaranteed Loan Program, which was established by the Indian Financing Act of 1974 (P.L. 93-262), has been a bright spot for us in accessing capital. The program helps Indian businesses obtain loans from private lenders that would otherwise be unwilling to make such loans on commercially reasonable terms. In addition to our Hotel and Event Center, the Indian Guaranteed Loan Program has assisted us with our new state-of-the-art Justice Center, which opened last year on February 16, 2010. It houses our police department, juvenile and adult detention, and tribal courts under one roof. Over a decade ago, the BIA informed the Tribes that it must vacate its justice facilities due to their poor condition. After years of unsuccessful efforts to find federal funding for construction of a new justice facility, we committed \$4 million of our own funds and took out a \$15.9 million loan to construct the new facility, which was also secured with the help of the Indian Guaranteed Loan Program.

It would have been very difficult to construct the Justice Center in the current economic climate, especially given the proposed cuts to the program by the Administration that would put

the program on life support. We urge the Congress to fully fund this critical program in order to spur economic development in Indian country. Despite the success of this program, it has been sorely underfunded for decades. No other agency provides the same kind of financing support for tribes as this program. As you can see, we have truly benefitted from it.

### **Changing the Tax Code to Spur Reservation Economies**

We believe that Congress needs to amend the Internal Revenue Code (IRC) to provide incentives to invest in renewable energy, infrastructure, and other economic development projects on Indian reservations. Without changes, we will continue to be at a disadvantage. Tax credits would assist on renewable energy projects for tribes because we would have a better opportunity at ownership at earlier stages. We support provisions in H.R. 1599, introduced by Rep. Tom Cole, which would, among other things, provide for tax credits for tech companies in Indian country (Title VI) as well as expanding the ability of tribal governments to issue tax-exempt bonds (Title V) and the streamlining of the tribal leasing process (Title VII). In particular, the provision to expand tribal governments' ability to issue tax-exempt bonds for on-reservation projects would provide much needed access to outside investment capital to tribes nationwide. We urge enactment of these provisions.

Also, in 2005-06, the accelerated depreciation provision for businesses located on reservations lapsed. This provision was very helpful in attracting high-tech, capital-intensive employers to reservations. Since the lapse, the provision has been sporadically extended for usually no longer than one year. The short duration of the extensions has not provided enough certainty to incentivize businesses to invest in Indian country.

The accelerated depreciation credit and similar tax credits should be permanently reinstated. S. 1008, introduced by Senator Jim Inhofe, would amend the IRC to permanently

extend the depreciation rules for property used predominantly within an Indian reservation. H.R. 1039, introduced by Rep. John Sullivan, would amend the IRC to permanently extend the Indian employment credit and depreciation rules for property used predominantly within an Indian reservation. However, while we support permanent accelerated depreciation in Indian country, we cannot support S. 1008 or H.R. 1039 as written. Provisions should be added to these bills requiring tribal consent for the accelerated depreciation on property located on a reservation. Otherwise, like on the Ft. Hall Indian Reservation where there are some non-tribal entities located there due to historical circumstances and over our objections, some may seek undue tax advantages not intended for them.

The Tribes also urge the creation of incentives to help start-up businesses of tribal members on the Reservation. The Tribes spend \$315 million a year on goods and services but very little of its stays here. If we could keep even \$4-5 million here in our own small businesses, then it would make a tremendous dent in our poverty and unemployment rates. There is a small business association on the Reservation that has been providing some services and support but it is all volunteer-based.

### **Opening Opportunities for Tribes to Engage in Trade**

Like other Indian tribes, we have interstate highways, railroad lines, and even shipping channels and airports crossing our Reservation, adjacent to it, or even located on it. Our Reservation actually has an airport capable of handling air cargo jets. We -- and other tribes with similar advantages -- could be participating in the world economy if our reservation were designated as a Foreign Trade Zone (FTZ). Unfortunately, most Indian reservations are in somewhat remote locations and cannot operate Foreign Trade Zones because of the "60 mile/90 minute rule," which requires that an FTZ be within 60 miles or 90 minutes driving time of a

U.S. Customs office. The closest one to us is in Salt Lake City, which is a 2 ½ hour drive or 150 miles away. The next closest are in Boise, Idaho, and Butte, Montana – both about 250 miles away. These distances were much greater barriers to customs oversight when the Foreign Trade Zone Act was passed in 1934 than they are today. The Act should be updated to reflect modern advancements and the United States’ unique obligations to Indian tribes so that tribes can more readily engage in commerce with the world.

To that end, we propose legislation that would provide the Secretary of Commerce, acting through the Foreign Trade Zone Board, with discretionary authority to waive the “60 mile/90 minute” rule found at 15 CFR §400.21(b)(2)(i) for tribal FTZ grantees and operators. This would give Indian tribes something to “bring to the table” in partnerships for regional development.

We also laud Rep. Cole for introducing H.R. 2362, the Indian Tribal Trade and Investment Demonstration Project Act of 2011, because of its innovative approach to developing commerce between Indian tribes and foreign countries.

### **Challenges in Developing Energy Resources on the Reservation**

Tribal communities tend to have some of the highest energy costs in the nation due to the rural/remote nature of many reservations, the lack of energy infrastructure, and the lack of high density population centers. As a result, energy efficiency and conservation upgrades have very high success rates in Indian country. We support funding directed toward energy efficiency and conservation programs as these programs have been very successful on our Reservation thus far. For example, we are currently replacing diesel fuel water pumps for solar-powered pump systems to use for watering troughs for cattle, performing energy audits and efficiency upgrades on some of our major facilities, and installing solar panels on some of our tribal buildings.

Indian reservations have some of the highest concentrations of clean renewable energy resources in the country. In 2004, the Department of Energy estimated that 14% of the wind energy potential in the nation is located on reservations and that reservations will be a key factor in energy security and independence in the future. The Tribes seek to harness its wind and other renewable energy resources to promote energy production on the Reservation. Specifically, the Tribes have partnered with another tribe to develop a \$350-\$400 million wind farm on the Reservation. This project is a major step in economic development for the Tribes, but we have run into many obstacles that threaten the success of the project.

Because the wind project is on trust land, it is subject to NEPA. Therefore, the BIA requires an Environmental Impact Statement (EIS) in order to approve the lease. The EIS is estimated to cost \$1.9 million, and we are the ones that must pay this cost. We have hired a third party consultant to perform the majority of the work. However, the approval processes have taken an excessive amount of time with the turn-around time from the BIA for even minor paperwork taking months. For example, a 6-page document took 4 months for the BIA and the Solicitor's Office to review due to insufficient staff handling NEPA matters. Further, the BIA staff tasked to this project consistently miss important calls and meetings that cause severe delays and add unnecessary risk to the financial viability of the project.

Moreover, given that the project is a very large undertaking, it requires constant risk mitigation to be successful. Unfortunately, one of the major impediments to the success of this project is the lack of BIA involvement in the process due to limited BIA staff resources. We believe that, if a NEPA analysis is required on tribal lands and if we must pay the costs to comply with NEPA, then the BIA should, at a minimum, have sufficient staff resources on the national, regional, and local levels to move these projects forward on a timely basis. In stark

comparison, a nearby wind farm on fee land is already up and running even though we started our project first. This non-tribal wind farm did not have to navigate all the bureaucratic red tape that we do.

We urge increased funding for the environmental review process so that BIA, instead of tribes, will cover the costs for compliance with NEPA and hire staff who have the time to assist in advancing these projects. Alternatively, Congress should consider reforming NEPA to provide exceptions or an expedited review for Indian country economic development projects. The Tribes have always been strong environmental stewards since time immemorial, and we agree with many of the goals of NEPA. However, the government promised to make our lands a permanent home, and federal laws should reflect and support this promise.

Another major obstacle for renewable energy development on tribal lands is that tax credits for renewable energy, like wind, are only useful for tax-based entities. Tribes, counties, and municipalities are at a disadvantage when they pursue energy projects. The Tribes strive to own a wind farm on the Reservation but approximately 20-25% of the revenue generated from these projects is in the form of tax credits that cannot be utilized by tribes. This puts tribes at a direct disadvantage and promotes non-tribal ownership of projects on tribal lands. We request that there be equal opportunities for tribal ownership of renewable energy projects and that the Congress amend the laws so that tax credits generated can be traded to a taxable partner or sold on an open market. To that end, we support H.R. 1992, introduced Rep. Raul Grijalva, which would allow tribes to assign renewable electricity production to their partners for tax credits. Alternatively, we recommend that the federal government create a grant program for tribes or tribally-owned businesses so that we can compete with non-tribal entities on energy projects on tribal lands.

## **Challenges to Secure Adequate Telecommunications Infrastructure**

The Tribes lack reliable, affordable high-speed communications and internet services, including in emergency situations, for homes and businesses on the Reservation, restricting educational opportunities and greatly hindering economic development. The Tribes have been a long-time consumer of communications services from the big telecommunications companies. Like many other Indian tribes, we have always been underserved or not served at all by the big companies. Mountain Bell became U.S. West, then Qwest, now CenturyLink. But the service remains slow and expensive, and the local distribution and service lines consist of old and deteriorating copper. The Reservation does not have high-speed internet service except where there are purchasers of dedicated T-lines, which are very expensive. Currently there is no incentive for the carriers serving the Reservation to improve service. The current incumbent service provider has opted out of state regulation and its rates are soaring. Moreover, the provider has a history of trespass on our Reservation, cannot document its rights of way, and is out of compliance with tribal ordinances. Even though the provider is profiting in the range of \$1 million each year for “service” on the Reservation, it has yet to employ tribal members or even get a tribal business license.

Over the last ten years many entrepreneurs have approached the Tribes with proposals to “partner” with us to develop cell phones, wireless internet, or other wireless services. The deals have always been the same. They always want a commitment of tribal money or tribal resources for a system that someone else would own.

In 2007, the Tribes conducted a feasibility study to determine the best course to follow in addressing our communications needs. This study recommended that the Tribes develop our own telecommunications enterprise. It further recommended that the tribal telecom enterprise be

the “incumbent local exchange carrier” as defined in the Telecommunications Act of 1996. Doing this would mark a new expression of sovereignty – tribal ownership of the means of communication. It would have the economic benefit of plugging a million-dollar annual leak in the tribal economy, keeping tribal dollars in circulation on the Reservation.

The greatest obstacle the Tribes face on this endeavor is the same obstacle faced by many rural-state telecoms: a widely dispersed and less affluent customer base spread out over many miles of line. The federal government has addressed this issue through FCC Universal Service Fund (USF) payments. These payments, or absence of them, can make or break a tribal telecom. The highest level of USF payments typically go to the incumbent carrier, which is usually the non-Indian firm that established a prior presence on the Reservation.

We applaud the FCC’s June 21, 2011, order designating the Standing Rock Telecommunications, Inc., a tribally-owned wireless carrier, as a competitive eligible telecommunications carrier (ETC) that can receive USF support in providing wireless service to reservation residents regardless of the presence of non-tribal incumbent carriers and regardless of wire center boundaries or partial wire centers. The order expressed support for increasing critical communications infrastructure in underserved areas, such as Indian reservations, and promoting economic development in these areas as well as educational opportunities through distance learning programs. This order will pave the way for other tribally-owned carriers to receive USF support so that finally tribes can address the problem of unreliable and costly telecommunications service options on reservations to connect to the rest of the world.

To realize our goal of our own tribal telecom, the Tribes have secured a \$116,000 grant for technical services and planning from the Rural Utility Service (RUS), USDA, and have selected a Native telecom firm to provide these services. Signature of the contract is pending the

arrival of funds. There will be approximately one year to complete technical studies and set up an operating telecom carrier. The tribal telecom carrier will apply for certification and then apply for RUS or “Farm Bill” loans as appropriate. Our hope is to designate the Reservation as our service area and to train tribal members to run the telecom.

We encourage legislation and/or policies that would expedite the transfer of reservation service areas from non-tribal incumbents to tribally-owned ETCs as well as compensate current incumbent carriers on a per-service line basis for these transfers. Further, we support the continuation of the USF for the benefit of not only Indian country but also for the rest of rural America to ensure that there are opportunities for affordable telecommunications services. To this end, we request that the Committee determine if legislation would assist in promoting telecommunications opportunities in Indian country.

### **The Need for Adequate Transportation Infrastructure**

The Ft. Hall Indian Reservation, as stated above, is 544,000 acres and our communities are located far apart. Our Reservation is located within four counties in Idaho. Without adequate roads, we will not be able to improve our Reservation economy. It is the lifeline for everything. Currently, the Tribes receive \$700-800 per road mile under the BIA’s Indian Reservation Roads (IRR) Program compared with the amount of federal dollars that states and county governments receive, which is approximately \$2400 per road mile. As you can see, we are behind before we start.

Idaho is a PL 280 state; and, in 1963, the state passed laws providing, among other things, for concurrent civil and criminal jurisdiction with the Tribes and the federal government over any of our roads that are maintained by the county or state (Idaho Code §§67-5101 & 5102). Starting in the 1940’s through the 1990’s, because the BIA did not have the funds or equipment

to keep up with the road maintenance on all our IRR roads, it entered into road maintenance agreements with the counties in which the Reservation is located. Under these agreements, upon construction of certain roads by the BIA, the counties were to maintain them. As a result, the counties and the state assumed concurrent jurisdiction over these roads.

While the Tribes receives its IRR funds from the BIA, the state and the counties are able to count our IRR roads in their inventories under the maintenance agreements and, thus, gain road funds for these miles. However, the state and the county provide very little maintenance for roads over which they have responsibilities.

In January 2009, the Tribes entered into a Memorandum of Agreement (MOA) with Bingham County (County), one of the four counties in which the Reservation is located, so that the Tribes exercise regulatory authority over land use and zoning matters on the Reservation and the County defers to the Tribes on these matters. This MOA reflects the parties' cooperative approach to land use regulation for lands located within the boundaries of the Reservation and the County. In 2010, the County relinquished all the maintenance agreements they held on about 20 miles of IRR roads on the Reservation. As a result, the Tribes can begin to receive IRR road maintenance dollars for these miles.

The Tribes plan to reach out to Bannock County, which has concurrent jurisdiction and maintenance agreements over approximately 33 miles of our IRR roads, and to Power County, which has concurrent jurisdiction and maintenance agreements over approximately 20 miles of our IRR roads, to see if similar agreements can be executed with them as with Bingham County. Currently, the Tribes have approximately 450 miles of roadway under the IRR road system we maintain. If the Tribes gain back the remainder of the roadways that were placed in maintenance

agreements with the counties, then our road miles under IRR maintenance would be approximately 520 miles, allowing us to receive IRR road maintenance funds for them.

As for the national controversy amongst tribes over the allocation of funds under the IRR Program, we believe that state and county roads should not be counted in the IRR inventory given the limited pot of money. IRR funds should lawfully only be used for IRR roads. Counties and states have responsibilities to maintain their roadways and receive funding to do so. Basically, allowing non-IRR roads into the system changes the amounts all tribes receive for road maintenance of IRR roads -- for the worse. Large land-based tribes like the Tribes with large amounts of IRR road miles suffer as a result. For instance, we used to receive about \$1.2 million per year for our contract dollars but now we receive about \$930,000 per year under our 638 contract at least partially due to some of the smaller or roadless tribes supplanting some of our dollars by including state/county roads in their IRR system. Our funding for road maintenance is now \$393,000, down from \$470,000 in recent years, due to the inclusion of state and county roads in the IRR system.

### **Challenges to Agricultural Economic Development**

Historically, as explained above, the working capital needed to fund operations, equipment, and infrastructure for farming on a large scale has not been accessible to tribes and individual Indian landowners on reservations. Banks typically will not loan money to tribes or individual Indian landowners to farm on trust land because the land cannot be used as collateral. We applaud the class action settlement in *Keepseagle v. Vilsack*, where the federal government acknowledged USDA's credit discrimination against Indians. Hopefully, justice will be served and one of the results of this case will be the creation of a federal process where we are treated equally and fairly on our agricultural economic development endeavors on our own lands.

Approximately 83,000 acres of the Reservation's trust lands are used for farming spuds, wheat, barley and beets, with an annual production value of more than \$80 million. A sizable percentage of Idaho's acclaimed "Famous Potatoes" are grown in the fertile sandy soil of the Reservation and watered by an extensive series of canals and ditches created by the BIA in the early 1900s. The Fort Hall Irrigation Project was built with the intention of turning the once-nomadic Shoshone and Bannock people into farmers, but lack of capital has historically prevented the Tribes from farming our own lands. Prime farmland, cheap water, low lease rates and lack of competitive bidding on Reservation lands have made non-Indian farmers on the Reservation some of the richest individuals in the state.

In recent years, the Tribes and individual landowners at Fort Hall have taken a more active role in agricultural production on the reservation. Local Indian landowners formed the Fort Hall Landowners Alliance to provide education on the BIA leasing process, to promote sound farming practices, to encourage landowners to draw up wills to prevent further fractionation of reservation lands, and to assist landowners in negotiating higher lease rates. At the same time, the Tribes are now an active participant in the BIA's bidding process when farm leases - which are typically a mix of tribal and individual Indian owned land - come up for renewal on the Reservation. We are partnering with a couple of the larger farmers with extensive irrigation systems already in place to share in the costs of production and the profits - and the losses - from farming reservation land. What we have learned is that our land competitively leases from between \$150-\$350 per acre depending on soil conditions and can yield a profit of up to \$800 per acre, depending on market conditions. The Tribes currently farm some 550 acres on the Reservation in partnership with other farmers. Our goal is to use revenue from this partnership as capital to purchase the equipment needed (irrigation pivots, pumps, etc.) to

eventually farm our own land for ourselves. As you can see, if we could farm our own lands, then we could make great strides in revitalizing and diversifying the economy on the Reservation. Further, we own our own fresh pack and rail spur and seek ways to develop our agricultural economy from "the ground to the market" and would appreciate assistance in this endeavor.

### **Training a Strong Tribal Workforce**

While there is an urgent need to create new economic opportunities in Indian country, it will not be truly successful unless individual Indians are prepared to step in when these opportunities arise. To help improve Indian country's workforce, we urge the Committee to make necessary amendments to the Indian Employment Training and Related Services Act, also known as the 102-477 Program. The 477 Program permits tribal governments to consolidate federal employment training programs, cut tribal administrative costs, and lessen the burden of federal bureaucracy – all at no cost to the U.S. taxpayer. The 477 Program scored the highest rating for BIA's programs assessed by the Office of Management and Budget. The 477 Program has saved the Tribes thousands of dollars in tribal administrative costs and enables us to stretch precious federal dollars for employment training and workforce development to maximize our efforts to help our tribal members gain employment.

Since 1992, tribes nationwide have utilized the 477 Program to consolidate funding from various federal job-training programs, including the Temporary Assistance for Needy Families program (TANF), while streamlining accounting and reporting mechanisms. However, in spite of this documented success, officials at the Department of Health and Human Services (DHHS) have recently ceased the transfer of TANF funds to the Department of the Interior for inclusion in tribal self-governance compact and self-determination contracts. This action severely

undermines the efficiency of the 477 Program.

Some of these changes are included in the FY 2012 House Interior Environment and Related Agencies Appropriations bill, H.R. 2584 at Section 430. We urge the Senate to pass similar language to reverse the decision made by DHHS and make other necessary changes to this successful program.

**Conclusion**

We thank you for your efforts to improve the economic conditions in Indian country. We hope you find this information helpful as you continue to develop ways to improve the quality of life on reservations.