

TESTIMONY

Of

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for

The U.S. Senate Committee on Indian Affairs

Hearing on

“Economic Development: Encouraging Investment in Indian Country”

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Introduction

Chairman Tester, Vice Chairman Barasso, and Members of the Committee, thank you for inviting me to today's hearing and giving me the opportunity to testify on the role investment can play in encouraging economic development in Indian Country.

My name is Mike Lettig, and I lead KeyBank's Native American Financial Services segment, which is part of our KeyBank Community Bank.

KeyBank is a regional bank headquartered in Cleveland with approximately \$93 billion in assets. KeyCorp's customer base spans retail, small business, corporate, and investment clients. KeyCorp has more than 14,000 employees, and approximately 1,000 KeyBank branches spread across 12 states within in our retail branch footprint.

KeyBank has provided financial solutions to Indian Country for more than 50 years. Over the past five years, KeyBank has helped to raise more than \$3 billion in capital for Indian Country, and we are on track to assist in raising more than \$1 billion this year alone.

We at KeyBank consider this to be very important work. As President Obama noted during his recent historic visit to Indian Country, there are still wide disparities both among tribes and Native Americans in general and the US population as a whole. While Native Americans living on reservations have seen personal income nearly double in real terms since 1970, the average poverty rate for these communities from 2006-2010 was 30 percent, compared with 14 percent nationally, and the child poverty rate was more than 15 percent higher than the national average of 36 percent.

We are grateful for the opportunity to help bridge these disparities by assisting Indian Country leadership in raising capital and, by doing so, gaining confidence in their ability to set good fiscal policy and practice.

I am very pleased to be here today to share my perspective on how private sector investment can foster significant economic development in Indian Country.

Based on my years of experience working with Indian Country leaders, I have developed an understanding of challenges – real and perceived – that hamper the timely investment into infrastructures in Indian Country and as a result delay much-needed economic development.

Despite notable progress over recent years, there still remains private sector uncertainty about whether Indian Country is a good investment. This uncertainty – which I believe is based on lack of information and understanding about Indian Country – has a chilling effect on capital markets' appetite for investing in Native America.

Most of these challenges, such as lack of experience in dealing with Native sovereigns, are well known, and I won't detail them here.

Economic development is stymied by regulatory barriers to infrastructure development. For example, all new infrastructure construction on tribal lands requires "rights-of-way" approval. This is a time-consuming and cumbersome process. I applaud and look forward to seeing the Bureau of Indian Affairs' formal proposal to streamline this process. In the same spirit, I applaud plans for training to help tribal leaders implement the HEARTH Act and in so doing to empower tribes to establish and enforce land leasing regulations rather than relying on BIA lease approval.

Indian Country faces continuing challenges in developing a workforce that is prepared to meet business needs. As President Obama also noted, Native American students continue to lag behind their peers on national assessments, to account for the highest dropout rate of any racial or ethnic population, and to hold a dramatically lower share of baccalaureate degrees than the rest of the population. While we need to raise the bar for all learners in the United States to ensure that our future workforce can compete in a global economy, Indian Country students have higher hurdles than most in order to successfully compete.

There are challenges specific to doing business in Indian Country. But it is also clear that tribes have and continue to take steps to address economic development issues. For example:

- Many tribes, such as the Navajo Nation, Muscogee Creek Nation, Pullayup Tribes and Shoshone Bannock, have developed sophisticated judicial and legal systems.
- Tribes continue to develop disciplined strategic plans.
- Developing infrastructure, whether that involves roads, schools or utilities, remains a high priority. Strong infrastructure is essential for tribal members' quality of life as well as economic development.
- Tribal human capital is improving. There are increasing numbers of Native American professionals in law, medicine and finance who are contributing to their communities.
- There's continuing focus on developing stronger working relationships with multi-jurisdictional interests such as cities, counties, states and federal entities.

Tribes and the private sector must develop mutually acceptable terms on several issues in order to attract capital. Some key terms are:

- The tribe must duly authorize the proposed relationship between the tribe and the private sector
- The tribe and the private sector need clear and enforceable business and credit agreements.

- The tribe and private sector must develop disputes resolution processes. This entails tribes and the private sector developing mutually acceptable agreements on sovereign immunity and, choice of law.

In short, there are still obstacles tribal governments must overcome in order to attract consistent and appropriate investment interest.

For example, by transferring authority to tribes and streamlining the review process, as is proposed in the recommended enhancements of the Indian Tribal Energy Development and Self-Determination Act Amendments of 2014, the government can help Indian Country more easily attract interest from energy development.

More generally, I believe the federal government, Indian Country leadership and the private sector can work together on steps to increase investment potential.

Government needs to continue to identify simple and accountable ways to reduce federal review and/or approvals and to continue the responsible transfer of authority to Indian Country leadership.

Government can facilitate economic development by supporting existing incentives such as New Market Tax Credits, Low-Income Housing Tax Credits and Tribal Economic Development Bonds.

Indian Country leadership has an important role to play by staying focused on developing judicial and legislative capacity and basic infrastructure. It is imperative that Indian Country leadership obtain stakeholder support and that stakeholders' interests are aligned with the interests of their respective tribes. Finally, tribal leadership should engender cooperation between tribes, impacted communities and businesses to develop and execute investment strategies.

In closing, I want to note that KeyBank believes in helping all of our communities to thrive, including our Indian Country communities. Reducing the review process and creating more autonomy for tribes to attract investment by the private sector will enhance the ability of Indian Country leaders to help their own communities to thrive.

With experience in Indian Country, the private sector will come to understand that Indian Country is a dynamic place to do business, that mutually acceptable terms can be developed that build Indian Country economic independence and sustainable quality of life for Native America.

Thank you again for your time and attention to this very important issue, and I would be happy to answer your questions.