

**Testimony of Rep. Deb Haaland (NM-1) for
Ways and Means Subcommittee on Select Revenue Measures Hearing
Wednesday, March 4 at 10:00 AM in 1100 LHOB**

Chairman Thompson, Ranking Member Smith, and members of the Subcommittee, I appreciate the opportunity to speak about some key measures in the Tax Code and its impact on Native Nations. It is an honor to be here with the Co-Chair of the Congressional Native American Caucus, Tom Cole and also Vice Chairs of the Caucus, Sharice Davids and Markwayne Mullin. We thank you for your work.

Tribal lands have many unique complexities that create unnecessary barriers to generate revenues for public services. As you know— federal, state, and local governments utilize tax dollars and financing options for the construction of roads, bridges, schools, water systems, and public safety. However, Tribes can't collect tax revenues because tribal lands are held in trust, leaving them without revenue mechanisms to provide basic governmental services. Data from the U.S. Census Bureau found that taxes provide 41 percent of local general revenues for state governments, and 30 percent of this funding comes directly from property taxes. This structure automatically places Tribes at an economic disadvantage for economic development.

Tribes are also subject to restrictions on federal excise taxes and financing options, including additional reporting requirements that states and local governments do not have to comply with. For example, Tribes have added requirements for tax-exempt bonds to show that funds are directly related to "essential governmental functions." However, states don't have to comply with these extra bureaucratic hurdles and can freely expand their tax-exempt bonds to commercial activities to generate revenues. Additionally, dual taxation is *another* parity issue that disadvantages tribal governments. Today, dual taxation exists for certain on-reservation commercial transactions because tribal tax immunity cannot fall below state tax rates. When Tribes are unable to offer tax incentives to attract profitable businesses, they have been forced to rely on business enterprises on tribal lands to promote private investments to fill in substantial revenue gaps.

Congress must seek tribal parity and inclusion of tax and capital incentives through opportunities like New Markets Tax Credits to remove these economic barriers on reservations. For example, New Market Tax Credits helped my Tribe, the Pueblo of Laguna, replace a dilapidated grocery store that couldn't stock healthy food options since it didn't have refrigeration or freezer storage areas. In geographically these isolated areas, tribal tax incentives are fundamental to provide revenues for basic resources like fresh food and water. The New Markets Tax Credits also helped my Pueblo complete the rehabilitation of the water and wastewater system, supported a new fire protection system, and created new jobs for tribal members and low-income employees in New Mexico.

Low-income housing tax credits are also critical to extend tax credit equity and housing grants to tribal lands because debt financing for affording housing is severely limited. Like other governments, Tribes should receive their funding directly for housing tax credits so they can

increase the availability of tribal housing. The Department of Housing and Urban Development stated there are 543,000 Native Americans living in households that are “overcrowded, substandard, and cost-burdensome” and about 90,000 Native Americans who are homeless or underhoused. I take this issue very personally because I was also homeless trying to raise my daughter as a single mom trying to make ends meet. Because poverty and underemployment rates in Indian Country are twice the national average, Tribes must receive tribal tax parity and direct funding like any other government.

I would like to convey my strong support for all tribal tax incentive programs and capital market provisions that will be addressed today. Mr. Chairman, thank you for inviting me to speak on this important issue today. I am grateful for your work on this issue to help level the playing field for tribal communities.