Diversified revenue sources are important for Native nations to effectively care for their people by supporting social programming, promoting economic development, and uplifting sovereignty. The attached research and following summary highlight the most common ways Native nations are diversifying their revenue streams and the benefits and challenges for each.

**Common Funding Sources for Native Nations**

- Tribal enterprises
  - Examples: gaming, tourism & hospitality, convenience stores, agriculture, financial services, cannabis, film
- Natural resources
- Taxation
- Government-to-government funding
- Philanthropic support

**Benefits of Revenue Diversification**

- Strengthen sovereignty and self-determination
- Increased community health and wellness
- Fund Tribal government operations/programs
- Creation of social wealth (Western and Indigenous)
- Job opportunities
- Economic growth and sustainability
- Attract members and businesses to Native nation
- Preservation of culture, restoration of food systems, and #landback

**Limitations Native Nations Face in Revenue-Generating Efforts**

- Institutional capacity (e.g., legal and commercial systems, limited talent pool)
- Infrastructure (e.g., electric grid, roads, internet connectivity)
- Access to financial services and markets
- Uncertainty in the regulatory landscape
- Jurisdictional overlap and gaps
- Lack of coordination between federal agencies
- Inconsistent government and philanthropic funding

This research is based on Western concepts of wealth. Check out our resources on Indigenous wealth for an alternative framing.
Each Native nation is unique in culture, history, location, and structure, which means there is no one-size-fits-all plan for Tribal economic development. However, there are five factors that research has shown will ultimately lead to better economic outcomes, which are collectively called Native nation rebuilding (NNR):

- **Transformational Leadership**
- **Strong Governing Institutions**
- **Seventh Generation Thinking**
- **Cultural Match**
- **Sovereignty**

When considering possible economic development ventures, it is important that decision makers use a NNR lens. For example, ask yourself the following questions when considering a new opportunity:

- How will this decision positively or negatively impact my community in seven generations?
- Is this option supporting economic sovereignty? Are we in control of the decisions, or is an external party calling all the shots?
- Do we have the infrastructure and non-politicized governing systems to support economic development?
- Am I considering this opportunity to benefit my Nation, or myself? Are there checks and balances to ensure the nation’s interests are protected?
- Is this venture sustainable? Or is it a short-term cash grab?
- Is this opportunity aligned with our traditional values? Are there more ways we could incorporate traditional beliefs and protocols?
- Are our leaders trained to support the additional financial management if we added this to our portfolio? If not, how can we set ourselves up for success in the future?
- Are we making strategic decisions to ensure our members have the skills and experience needed to run future enterprises?

Making economic development decisions through a Native nation rebuilding lens creates opportunities to exert sovereignty and self-determination. Rebuilt Native nations can operate beyond colonial limitations, gain community trust, maintain fiscal stability, and be a leader in the region.

On the path to rebuilding, it’s easy to default back to previous practices because it feels known and comfortable. When feeling lost, look towards the Native nation rebuilding principles. By prioritizing these values, you are sure to see sustained development and enhanced quality of life for tribal citizens.
Native Nations Funding Sources

Prepared by:
Camila Fonseca-Sarmiento
Isabel Marsh
Raihana Zeerak
Humphrey School of Public Affairs
University of Minnesota

Jerry Zhao
Zhejiang University

Presented to:
Native Governance Center

June 2023

Institute for Urban and Regional Infrastructure Finance (IURIF)
Humphrey School of Public Affairs, University of Minnesota
# TABLE OF CONTENTS

CHAPTER 1: Introduction ................................................................................................................................. 5

CHAPTER 2: Methodology and Data .................................................................................................................. 6

CHAPTER 3: Funding Opportunities Available to Native Governments .......................................................... 7

3.1 Tribal Enterprises ........................................................................................................................................ 7

3.1.1 Native Gaming ....................................................................................................................................... 8

3.1.2 Native Tourism and Hospitality ........................................................................................................... 11

3.1.3 Convenience Stores ............................................................................................................................... 13

3.1.4 Agriculture ........................................................................................................................................ 14

3.1.5 Native Financial Services ..................................................................................................................... 16

3.1.6 Cannabis Business ................................................................................................................................. 19

3.1.7 Film Industry ....................................................................................................................................... 20

3.2 Revenues from Natural Resources ........................................................................................................... 20

3.2.1 Renewable and Non-renewable Energy Resources ........................................................................... 21

3.2.2 Water Resources ................................................................................................................................. 24

3.3 Taxation .................................................................................................................................................. 25

3.4 Government-to-Government Funding ....................................................................................................... 30

3.5 Philanthropic Support ............................................................................................................................... 33

CHAPTER 4: Conclusions ................................................................................................................................. 36

References ..................................................................................................................................................... 37
List of Abbreviations

AF  Acre-feet
AFY  Acre-feet per year
ARA  ANCSA Regional Association
ATM  Automated Teller Machine
BIA  Bureau of Indian Affairs
CCR  U.S. Commission on Civil Rights
CDC  Community Development Corporation
CDFI  Community Development Financial Institution
CEA  Council of Economic Advisors
CRA  Community Reinvestment Act
CSA  Community Supported Agriculture
DOE  Department of Energy
DOI  Department of the Interior
DOJ  U.S. Department of Justice
ED  U.S. Department of Education
EPA  Environmental Protection Agency
FMA  Fiscal Management Act
FNGST  First Nations Goods and Services Tax
FNPIT  First Nations Personal Income Tax
FNST  First Nations Sales Tax
FRB Minneapolis  Federal Reserve Bank of Minneapolis
GAO  U.S. Government Accountability Office
GDP  Gross Domestic Product
HHS  U.S. Department of Health and Human Services
HUD  U.S. Department of Housing and Urban Development
IE  Indian Energy Policy and Programs
IGRA  Indian Gaming Regulatory Act
IRA  U.S. Internal Revenue Service
LPO  Loan Programs Office
MDIs  Minority Depository Institutions
MHA  Madan, Hidatsa, and Arikara Nation
NAAF  Native American Agriculture Fund
NACA  Native American Contractors Association
NIGC  National Indian Gaming Commission
ONRR  Office of Natural Resources Revenue
OSPA  Oceti Sakowin Power Authority
RAPs  Revenue Allocation Plans
SBA  U.S. Small Business Administration
TEDOs  Tribal Energy Development Organization
TERA  Tribal Energy Resources Agreement
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTP</td>
<td>Tribal Transportation Program</td>
</tr>
<tr>
<td>UIGEA</td>
<td>Unlawful Internet Gambling Enforcement Act</td>
</tr>
<tr>
<td>USDA</td>
<td>U.S. Department of Agriculture</td>
</tr>
<tr>
<td>USDOT</td>
<td>U.S. Department of Transportation</td>
</tr>
<tr>
<td>WAPA</td>
<td>West Area Power Administration</td>
</tr>
</tbody>
</table>
CHAPTER 1: INTRODUCTION

Revenue sources are important for governments to fund social programs and public investments and ultimately foster economic development and growth. Native nations in the U.S. have shown their resilience and resourcefulness in diversifying and maintaining consistent revenue sources that contribute to promoting economic development, uplifting their sovereignty, and supporting their social programming. Their efforts advance despite the historical barriers due to colonialism and the imposition of a foreign economic system. Indigenous gaming has traditionally been the most important revenue source for Native nations and has been widely studied in the literature. However, other economic activities also generate important funding for many Native nations and have the potential to transform the socio-economic landscape of Native communities but have seldom been systematically documented.

This document reviews existing literature on the revenue sources available to Native nations in the U.S. Researchers aim to contribute to the strengthening of Native nations’ financial systems and continue building academic knowledge on the matter. In this document, researchers list important revenue sources for Native nations that support economic and social development, along with their economic impact and growth opportunities. Throughout the review, researchers highlight Native nations that have successfully engaged in such revenue-generating activities, the barriers Native nations face when embarking on such activities, and the strategies they have used to overcome those.

Native governments obtain funding from various sources, but Native enterprises typically provide the most revenue. Revenues may come from gaming operations, tourism and hospitality, convenience stores, agriculture and food systems, and financial services. Other revenues may come from utilizing natural resources, such as renewable and non-renewable energy and water resources. Native governments may also obtain revenues from taxation, but this represents a significantly smaller share of their revenues compared to non-Native governments in the U.S. Lastly, Native nations may also obtain some funding from the U.S. government (government-to-government funding) and philanthropic support. This document is organized as follows. The next section discusses the methodology and data sources. Section 3 provides an overview of funding opportunities, including tribal enterprises, taxes, government-to-government funding, and philanthropic support. The last section concludes and discusses future areas of research.
CHAPTER 2: METHODOLOGY AND DATA

In this research, we collected, summarized, synthesized, and analyzed relevant information regarding the revenue sources Native nations use across the U.S. and Canada. Researchers reviewed journal articles, working papers, and reports issued by Native nations, the U.S. Government, nonprofit organizations, and foundations. Given that academic resources on the subject matter were scarce, researchers also gathered information from news articles. The review includes important revenue sources for Native nations that support economic and social development, along with the successes, barriers, and strategies to overcome barriers that Native nations have faced when embarking on revenue-generating activities. It is worth noting that revenue-generating activities may vary across Native nations depending on their location and the resources they can leverage. In addition, the experiences may differ from nation to nation.

It is important to acknowledge that the information we present in this literature review might be mostly grounded in Western economic concepts and theories. However, there might be resources from Native nations or alternative ways of defining concepts that we did not reach but are of key importance. This may limit the perspective and understanding of the funding sources included in this review. As researchers, we practice humility and are continuously learning how to uplift Native and other ways of knowing.
CHAPTER 3: FUNDING OPPORTUNITIES AVAILABLE TO NATIVE GOVERNMENTS

This section summarizes available revenue sources to Native nations. The revenue sources of Native governments include revenues from tribal enterprises, natural resources, taxes, and funding from the U.S. government and philanthropic organizations.

3.1 TRIBAL ENTERPRISES

Tribal businesses are typically for-profit enterprises that are run for a Native nation’s benefit. The tribal council usually determines the use of profits. These enterprises aim to strengthen Native sovereignty, meet the basic needs of Native communities, and create social wealth for the whole nation. Tribal enterprises generate economic value and employment opportunities for Native members. Their profits are distributed to their councils to fund government operations and social programs, or as per-capita payments to their members (Colombe & Taylor, 2021; Verbos et al., 2015). As of January 2020, tribal enterprises in the U.S. provided more than $12.5 billion of Native governments’ revenue. In addition, the spending and jobs tribal enterprises support generated more than $9.4 billion in tax revenues for state and local governments and around $15.9 billion in federal tax revenue (Akee et al., 2020).

Most tribal enterprises are located outside reservations (Akee, 2019; Gregg & Moreno, 2021). This is mostly due to barriers to operating tribal enterprises on reservations, including (i) the length of time to open a business on reservations; (ii) lower sales due to low concentration of economic activity or socioeconomic factors; (iii) limited access to markets due to lack of physical and technological infrastructure; (iv) lack of technical support for Native entrepreneurs; (v) unclear or burdensome Native laws; (vi) high set up costs due to federal oversight and regulations; (vii) lack of investment capital; and (viii) poor coordination of business-related activities within the Native nation and with neighboring cities and counties (Feir, 2022; Hillabrant et al., 2004; Schaap, 2010). These outweigh some of the benefits of starting a tribal enterprise in the reservation, such as tax advantages and proximity to the community (Feir, 2022).

In recent decades, the number of tribal enterprises has grown significantly, evidencing the potential of Native entrepreneurship. Access to government contracting has been an essential element contributing to this growth (Gregg & Moreno, 2021). Currently, tribal enterprises function in an array of industries, of which gaming is the most discussed in the literature. Other industries include financial services, renewable and non-renewable energy, agriculture, cannabis, and the film industry. Data show that the number of tribal enterprises outside gaming has been growing since 2004 and that their distribution is highly concentrated among a few nations. While a federally recognized nation in the lower 48 states owns a median of two enterprises, the ten nations with the most non-gaming enterprises own 43 percent of establishments (Gregg & Moreno, 2021).
3.1.1 Native Gaming

Native gaming has experienced considerable growth since the U.S. Congress passed the Indian Gaming Regulatory Act (IGRA) in 1988 (Akee et al., 2015). The IGRA established a National Indian Gaming Commission (NIGC) that regulates and supports Indian gaming to generate revenue for Native communities. As of 2023, the NIGC regulates more than 510 gaming establishments operated by 243 tribes across 29 states (Parker, 2022). The IGRA distinguishes between three types of gaming (Class I, Class II, and Class III)\(^1\) and requires nations that want to offer Class III gaming to negotiate a compact with the state where the facility will be located (Akee et al., 2015; Conner & Taggart, 2013a). The IGRA also requires nations to use gaming revenue to (i) fund Native government operations or programs; (ii) provide for the general welfare of the Native nation and its members; (iii) promote Native economic development; (iv) donate to charitable organizations; or (v) support operations of local government agencies.

In addition, under certain conditions, the IGRA allows nations to distribute per capita payments to Indigenous members through Tribal Revenue Allocation Plans (RAPs) (Akee et al., 2015; Conner & Taggart, 2013b). To gain approval for RAPs, a nation must demonstrate the ability to meet members’ needs through investments in the above-mentioned areas before making direct payments (Conner & Taggart, 2013b). Typically, Native governments with smaller populations make these per capita disbursements (Akee et al., 2015). As of 2009, over 100 Nations had approval from the federal government to distribute revenues directly to their members (Conner & Taggart, 2013b). The amount of per capita payments varies according to the revenues in a given year and may range from a few hundred to thousands of dollars annually (Akee et al., 2015).

The gross gaming revenues of the 504 gaming establishments totaled $43 billion in 2022, representing an annual increase of 10 percent from the previous year (IGA, 2023). Revenues tend to be highly concentrated among a relatively small number of large Native gaming facilities, the largest Native gaming states, and Class III gaming (Conner & Taggart, 2013a; National Indian Gaming Commission, 2021a; Schaap & González, 2021; Taggart & Conner, 2011). Of all gaming establishments in 2021, 8.4 percent reported revenues of $250 million and over, and 21.4 percent reported revenues under $3 million (National Indian Gaming Commission, 2021b). In addition, the largest 8.4 percent of the gaming establishments generated 52.44 percent of the total gaming revenue. In 2017, gaming revenue was highly concentrated among the biggest Native gaming states; California and Oklahoma. These states generated 41.2 percent of total gaming revenue (Casino Press, 2020).

Overall, the most successful Native gaming operations are those that are located close to urban markets. This may be due to having access to a bigger population of customers that may be high-

\(^1\) Class I gaming includes traditional low stake tribal games, regulated by Native governments. Class II gaming includes gambling activities such as bingo, pull-tabs, and non-banked card games such as poker, regulated by Native governments as the primary regulator and NIGC. Class III gaming involves all other games, including house-banked card games and casino-style slot machines. According to IGRA regulations, “electronic or electromechanical facsimiles of any game of chance or slot machines of any kind” constitute Class III gaming.
income, as well as the type of gaming these facilities offer. The location of the Native casinos is particularly critical during an economic downturn when it is more favorable for customers to travel to relatively closer gaming facilities (Schaap, 2010). Other factors affecting the success of Native gaming operations include regulations, short-term compacts, competition with non-Native gaming facilities, management of the gaming operations, and political environments (Casino Press, 2020; Schaap & González, 2021; Spilder & Taylor, 2013). Overall, compared to federal grants, tribal gaming has generated more sustained revenues, which has helped some Native governments to become fiscally independent (Akee et al., 2015).

Native nations have invested gaming revenues into their programs and services and promoting economic diversification - this is consistent with IGRA requirements (Akee et al., 2015). For instance, many Native nations invest their gaming revenues in new indigenous ventures to diversify their business enterprises (Schaap, 2010). Examples include developing hotels, conference halls, amphitheaters, convenience stores, gas stations, and other amenities that attract and increase visit durations of gaming facilities (Akee et al., 2015; Native News Online, 2020). Other areas of investment include education, health, housing, infrastructure, and law enforcement. For instance, the Yavapai-Apache Nation from the Verde Valley, Arizona, has invested its gaming revenue in education and reports that after three years, graduation rates increased from 40 percent to 70 percent (Schaap, 2010). Another example is the Gila River Indian Community, which uses its revenue to provide scholarships for members who wish to pursue higher education. This nation also has successfully diversified its business portfolio, including a resort, a hotel, a golf course, an outlet mall, a racing track, aquifers, and farms, among others (Gila River Indian Community, 2015, 2021). In 2022, the Native gaming industry directly transferred approximately $21 billion for governmental programming and investments (IGA, 2023).

Research indicates that Native gaming operations have yielded considerable economic and social benefits. The investments from gaming revenue have helped promote economic development, self-sufficiency, and strong governments (Schaap & González, 2021). They have led to higher levels of education, higher income, lower incidence of criminality, lower unemployment rates, reduced poverty rates, and increased property values in Native nations and other surrounding communities (Akee et al., 2010, 2015; Conner & Franklin, 2019; Schaap, 2010; Schaap & González, 2021; Wolfe et al., 2012). According to Schaap (2010) most Native nations with gaming facilities have experienced significant increases in new employment opportunities. In 2022, gaming facilities and its ancillary facilities supported approximately 265,000 ongoing jobs, 75 percent of which were held by non-Native employees. In addition, there were a total of 684,000 jobs related to Native gaming industry’s economic activities. As of 2019, the total number of jobs created through gaming facilities was approximately 400,000, 75 percent of which were Native employees. Gaming brings revenues from gambling activity and related hospitality and entertainment services to Native nations and surrounding communities. In 2022, gaming-related enterprises, including hotels, restaurants, entertainment, and related operations brought $5.3 billion in gross revenue (IGA, 2023). Gaming also creates jobs and provides wages for Native and non-Native Americans; brings revenues to federal, state, and local governments through state taxes, revenue sharing, and regulatory payments (Casino Press, 2020; Schaap, 2010; Schaap &
In addition, it can attract businesses and bring members back to the reservation as a result of increased economic vitality (Akee, 2019; Schaap, 2010).

The expansion of online gaming represents an opportunity for Native gaming enterprises to enhance their revenue streams and contribute to economic development. The momentum gained during the COVID-19 pandemic has propelled this segment of the industry’s growth. While physical gaming revenues declined in 2020 due to the pandemic, online gaming has been increasing with the growth in iGaming and sports betting (AGA, 2021). Globally, online gaming generated $21.1 billion in revenues in 2020 (Clement, 2022). In the U.S., online casinos generated $5 billion in revenues in 2022, which was a 35.2 percent increase from 2021. Similarly, between 2021 to 2022, sports betting (retail and mobile) revenue increased by 72.7 percent, which was fueled by the launch of mobile sports betting in some states (AGA, 2023). Estimates indicate that U.S. online gaming revenues will reach $23.8 billion by 2026, led by growth in online sports betting and iGaming (G&M Gaming & Media, 2023).

Federal and state regulations often hinder Native nations’ ability to enter the online gaming sphere (Blackmore, 2019; Carleton, 2019). While IGRA regulates gaming activity only on Native lands, states regulate gaming activity off-reservations. Furthermore, if the internet transforms a Class II game into a Class III, it falls outside the jurisdiction of NIGC, and becomes subject to state-tribal compacts and state legislation.

Other federal regulations that affect Native nations’ ability to participate in online gaming include the Unlawful Internet Gambling Enforcement Act (UIGEA), the Wire Act, and the Johnson Act. The UIGEA Act prohibits gaming businesses from accepting payments related to internet gaming that are deemed unlawful under any federal or state law (FDIC, 2010). However, the UIGEA’s vague definition of "unlawful internet gambling" has led to confusion as it relies on varying state legislation to determine what constitutes illegal online gambling. In addition, IGRA was passed before internet gambling became prevalent, which makes it unclear how it interacts with UIGEA provisions. These issues can lead to rejection of transactions as financial institutions may believe they violate UIGEA.

In 2022, Native gaming facilities delivered over 700,000 jobs, generated approximately $37 billion in wages; and $17.5 billion in direct payments to federal and state taxes (IGA, 2023).

In 2022, the Bureau of Indian Affairs proposed several changes to its rules that if adopted, would affect online gaming for Native nations. First, Native nations would be able to negotiate any form of Class III gaming including online gaming with states that have legalized any form of Class III gaming. Second, Native nations may be able to offer mobile gaming without a commercial license throughout the state (Ruddock, 2023).

The UIGEA passed in 2006 and requires that bets placed over the Internet should be legal both where they are initiated and where they are received, which subjects Native nations to state regulations. The Wire Act prohibits transmitting several types of wagering-related communications over the wires. These include using “a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers” (Carleton, 2019). The Johnson Act “prohibits the manufacture, possession, use, sale, or transportation of any “gambling device” in Indian Country, the District of Columbia, and possessions of the United States” (NIGC, 2022).
According to the Wire Act, the online gaming activity must only be legal where the bettor or operator is located, which presents an opportunity for Native nations to participate in international gaming by entering into compacts with states. For instance, the Iowa Tribe of Oklahoma recently launched an online poker site that offers gambling throughout the U.S. and internationally. Similarly, the Pala Band of Mission Indians was the first California Native nation to launch a gambling site in New Jersey after the State established internet gaming regulations that considered the game to take place where the casino’s server is located regardless of the player’s physical location within the state. In addition, if certain types of internet gaming are legal in a state, Native nations could also offer these games without a tribal-state compact when patrons are present within the jurisdiction where online gaming is legal.

Although there have been some successes in launching Native internet gaming operations, challenges persist. For instance, internet gaming is limited to states and Native nations within states that have legalized internet gaming or internationally. Therefore, some nations are actively pursuing political acceptance of intrastate and interstate gaming (Blackmore, 2019). On the other hand, some Native nations oppose the legalization of online gaming at the federal level. Some nations argue that online gaming may potentially harm their economic development efforts. Native nations are concerned that they may not receive the benefits of increased state-operated and state-licensed internet gaming as these would put them at a competitive disadvantage unless Native nations are given the authority to operate interstate internet gaming sites. Similarly, some shared concerns of Native nations and states are underage users participating, irresponsible gambling habits, fraud, and money laundering. Licensing fees can provide states with the financial capacity to address these concerns and regulate online gaming operations (Blackmore, 2019; CalMatters, 2022).

### 3.1.2 Native Tourism and Hospitality

Many Native nations have developed a tourism industry that contributes to Native revenues. In 2017, there were 40,618 tourism firms owned by American Indians, Alaska Natives, and Native Hawaiians, providing 117,852 jobs and with annual sales of close to $14 billion in the U.S. (AIANTA, 2021). Accommodation and food services employed the most workers, while the retail sector accounted for the highest annual sales. Depending on the nation, Native tourism involves hotels, restaurants, museums, welcome centers, gift shops, special events (e.g., annual festivals, concerts, tournaments), spas, and golf courses.

In many nations, tourism is a byproduct of successful gaming ventures. However, tourism in Eastern reservations is more likely to be related to gaming, while in Western reservations it is more likely to be related to natural landscapes and accompanying outdoor activities (Lew, 2012). The Navajo Nation, located in the West, is a tourism example. The nation’s tourism industry made $113 million from direct purchases on the reservation in 2011 (representing a 32 percent increase since 2002) and supported about 3,500 jobs (Montoya-Bryan, 2012; Navajo Nation, 2020). The nation currently owns four tourism-related enterprises that are key to advancing its tourism industry, including the Arts and Craft Enterprise, Gaming Enterprise, Hospitality Enterprise, and Shopping Centers Enterprise (Navajo Tourism Department, 2015). As part of its Hospitality Enterprise, the nation owns and operates four properties...
The nation also protects and manages its tribal parks, monuments, and recreation areas through the Navajo Parks & Recreation Department.

The tourism industry presents opportunities for Native nations (Chang et al., 2018; Ruhanen & Whitford, 2019; Shepherd, 2020). Native nations engage in tourism to tell their story on their behalf, and in their own voice. Native tourism contributes to the preservation of Native culture and historical sites while educating the public about their people and heritage. Similarly, tourism may uplift communities’ agency, foster a sense of pride, connect or reinforce identity, and support the preservation of endangered languages. In addition to generating income and employment, tourism supports local entrepreneurs, such as artisans, food vendors, and craftsmen that help preserve Native cultural heritage.

On the other hand, tourism poses challenges for Native communities to preserve and maintain the integrity of their cultural heritage and sacred environments (Baloch et al., 2023; Grimwood et al., 2019; Johnston, 2013; Schellhorn, 2010). One of the primary challenges Native communities face is the risk of cultural commodification and misrepresentation. As tourism becomes a lucrative industry, there is a danger of eroding traditional knowledge and practices within Native communities and reducing Native cultures and traditions to mere products for sale. Additionally, the development of tourism-related infrastructure can have detrimental effects on the natural environment, which poses a challenge to Native nations trying to strike a balance between economic opportunities and traditional sustainable practices. Lastly, some Native nations may be discouraged to engage in tourism-related activities because of the influx of tourists into sacred environments, which disrupts the sanctity and tranquility that these spaces hold for the community.

In addition to gaming and natural environment tourism, some nations have been successful in agritourism (AIANTA, 2021). Examples of agritourism include farm and ranch tours, food product sales, and accessing Native lands for seasonal fishing and hunting (most of which generate revenues from fees such as admissions and tasting fees). Some nations are known for their specialized products, while others are dabbling in new crops. For instance, the Choctaw Nation of Oklahoma is known for its pecan farm, where visitors can witness the cultivation and processing of the nut. Similarly, the Yocha Dehe Wintun Nation is known for its olives. Other nations sharing geography with California are dabbling in vineyards tapping into the region’s favorable climate and soil conditions (Hutchens et al., 2022).

Although there has been a wide success in the Native tourism industry, some Native nations have faced limitations within this sector. Some challenges include infrastructure issues encompassing limited broadband access that hinders marketing services and products, as well as inadequate roadways and trails that hinder site accessibility. Another crucial challenge is the lack of coordination of regional tourism efforts, which hinders the cohesive promotion of Native tourism. Furthermore, there is inadequate funding for marketing strategies and advertising, which hinders the reach and visibility of Native tourism. The international context for indigenous communities exploring this sector also shows a great need to strengthen management, marketing, and customer service skills within the communities to be successful (Coria & Calfucura, 2012). Lastly, complex regulations can act as deterrents and create additional burdens for Native communities striving to establish and operate successful tourism initiatives (AIANTA, 2018; Shepherd, 2020).
3.1.3 Convenience Stores

Convenience stores, or c-stores, play a major role in Native nations’ economies as they provide a consistent source of revenue and employment (Jernigan et al., 2019; Mancini, 2022). In addition to providing goods and services, c-stores boost a variety of facilities and amenities. C-stores provide basic food items, gasoline, and financial services, which are crucial for economic development; and some also support other businesses like drive-thru smoke shops, car washes, and showers, laundry and/or trucker lounges. C-stores also complement other Native activities such as hotels and casinos (BIA, 2023).

The number of Native c-stores has been increasing in recent years. In June 2021, there were 528 Native-owned and Native member-owned c-stores in 29 states (Klas, 2021); representing an increase of 80 percent from 2014 when there were 293 Native-owned c-stores in 25 states (Robinson, 2014). Some examples of nations that have created their own c-store brands include the Choctaw Travel Plaza from the Choctaw Nation (17 locations); the SāvOn Convenience Store from the Oneida Indian Nation (11 locations); the Pony Express/Heritage from the Winnebago Tribe (7 locations in Iowa and Nebraska); and Seneca One Stop from the Seneca Nation (5 locations) (Klas, 2021).

Native nations may use revenues generated through C-stores to fund social services and infrastructure. The Santa Rosa Band of Cahuilla Indians, a non-gaming nation, opened the Santa Rosa Pit Stop c-store in 2020 as a way to supplement their revenues (Ulrich, 2020). According to a nation leader, they would be able to make a moderate profit and collect tax revenue that goes directly to their Native government (Diaz Hernandez, 2019). The revenue collected will contribute to running and expanding the tribal government to meet infrastructure, housing, and education needs. Overall, it is expected that the investment will bring positive impacts to commuters in the desert area and the surrounding community. Current revenues for the nation mostly come from leasing plots on Toro Peak to communication companies, but as the number of members living on the reservation grows the availability of land gets limited. Similarly, the Chickasaw and Choctaw Nations own more than a dozen c-stores throughout rural Oklahoma. These nations use c-store revenues to fund operations, health, and social services (Jernigan et al., 2019). In addition to general products, their c-stores sell Native produced foods such as Bedré Chocolates and Choctaw Farms Pecans, and local Native art (Jernigan et al., 2018).

Convenience stores are of crucial importance for Native nations as they provide access to food products. For many Native communities, these stores act as lifelines, especially in underserved areas where access to full-service grocery stores may be limited (Jervis et al., 2022; O’Connell et al., 2011). As of 2017, 54

---

5 C-stores provide community members with a dependable source of gasoline, facilitating travel to work, school, healthcare facilities, or cultural events without the burden of long-distance journeys in search of a gas station. Similarly, c-stores offer in-store ATMs and services such as bill payment, money transfers, prepaid card options, and check-cashing facilities to meet the specific needs of Native communities and address the challenges they face in accessing traditional banking services.

6 Of the 528 Native c-stores in 2021, 16.5 percent had a drive-thru smoke shop, 8.5 percent had car washes, and 12.7 percent showers, laundry and/or trucker lounges.
percent of Native Americans lived in rural areas (First Nations Development Institute, 2007), and most needed to travel great distances to buy food. A 2016 study found that 31 percent of Native American households participating in the Food Distribution Program on Indian Reservations (FDPIR) had to travel over 16 miles to obtain food, and many did not own a vehicle (Maillachevuru, 2022). As of 2017, only 25.6 percent of Native reservation residents lived within one mile or less of a supermarket, compared to 58.8 percent of the U.S. population (Kaufman et al., 2014). In addition to offering residents a convenient option for their daily food needs, c-stores may act as vehicles for public health initiatives by promoting healthy foods such as fresh produce, and healthy ready-to-eat meals (Jernigan et al., 2019).

### 3.1.4 Agriculture

Agriculture and food systems are key drivers for economic development and growth in Native nations (Hipp, 2017). Native Americans have been historically involved in complex agricultural systems that worked in harmony with nature and provided sustenance to their communities. With the arrival of non-Native settlers and federal policies, Native Americans were forcefully disconnected from their practices and traditional foods, undermining their food independence, self-determination, and sovereignty (Hipp, 2017). Native Americans are reclaiming their sovereignty by restoring their food systems, traditional foods, and agricultural practices.

About 59 million acres of Native land are used for agricultural purposes, representing 6.5 percent of the U.S. surface (USDA, 2017) (USDA, 2017). According to data from the USDA Census of Agriculture, Native farmers and ranchers sold $3.54 billion of commodities (non-added value products) in 2017, which represented 0.018 percent of the U.S. Gross Domestic Product (GDP) (Native American Agriculture Fund, 2020; USDA, 2017). Among all Native farms, 75 percent specialized in livestock production, compared to 53 percent of U.S. farms; the other 25 percent specialized in crop production. Of all Native farms working in livestock production, 42 percent specialized in beef cattle. The census also showed that 2.3 percent of the country’s 3.4 million producers identified as American Indian or Alaska Native (USDA, 2017).

According to the Native American Agriculture Fund (2020), Native agriculture has the potential to surpass the gaming industry’s net worth, with the former achieving $45.4 billion, compared to 33 billion in the latter. They argue that the industry could achieve this potential by creating regional food hubs, in which Native nations would engage in cluster economies to add value to their agricultural commodities (Native American Agriculture Fund, 2020). The sale of agricultural commodities reached approximately $3.5 billion in 2017 but only represented 7.8 percent of the food’s total value. Subsectors that add value

---

7 A federal food assistance program for Native communities.
8 These hubs will include meat processing facilities, fruits, vegetables, and processing facilities for grains, poultry, egg, and dairy, warehouse and storage for perishables and shelf stable products, logistics and distribution infrastructure to support regional food economies to allow food to reach the people who need it, technology and data infrastructure to support regional food economies, finance and Credit services for Native Produce. For more information see: https://z.umn.edu/Nativefoodhubs
to agricultural commodities like food processing, trade, and food services capture the remaining food dollars and present opportunities for Native nations to grow.

Rebuilding Native agricultural systems could address several pressing issues for Native Americans. First, embracing traditional foods could tackle the Native American health crisis by increasing the availability of healthy and culturally relevant foods. Forty-eight percent of indigenous adults are obese; in some communities, childhood obesity rates surpass 50 percent (Maillachevuru, 2022; Sowerwine et al., 2019). Furthermore, Native American adults are three times more likely to be diagnosed with diabetes than non-Native adults (Wood, 2020). Second, increased food production could address food insecurity, which in 2017 affected 25 percent of Native American households, twice of what non-Native households reported (Sowerwine et al., 2019). Food insecurity varies across nations, with some experiencing higher rates than others. For example, in a 2014 study, 76.7 percent of Navajo members reported feeling food insecure, and in a 2017 survey, 69 percent of Blackfeet community members reported experiencing severe food insecurity (Black Feet Community, 2017; Rajashekara & Shin, 2014).

Furthermore, local Native foods efforts could ameliorate the effects of food deserts, including the disproportionate prices that Native Americans pay for food. Local Native food efforts such as farmers' markets, Community Supported Agriculture (CSA), cooperative grocery stores, community gardens, and school gardens could result in new businesses and job creation, which brings more income from agricultural activities (Martinez et al., 2010). In addition, Native food efforts could lower food prices for Indigenous people. Recent studies showed that some Native communities paid between 40 to 80 percent more than the average U.S. consumer for staple foods in 2017 (Kaufman et al., 2014; Maillachevuru, 2022).

The Quapaw Nation and the Gila River Indian Community have been successful in re-establishing their Native food systems and strengthening their agricultural industry. The Quapaw Nation leadership decided to improve their food systems in 2010 by purchasing a herd of bison, which inspired them to start exploring other ways for reclaiming their food sovereignty (Givens, 2020). Currently, this Nation has its own Department of Agriculture, and several agribusinesses, including a cattle herd of 1,200, a state-of-the-art meat processing plant, six green-houses, a coffee roasting company, a brewery, 75 bee hives, and a farmers market, among others (Givens, 2020; Herrera, 2020; Wood, 2020). The meat processing plants generate a surplus of job opportunities for both Quapaw and non-Quapaw citizens that exceeds the availability of local workers, which results in limited production. For instance, the plant could process 200 heads of cattle per week, but in 2020 the staff capacity limited production to only 70 heads weekly (Herrera, 2020). According to the chairman, meat processing helped the nation offset the financial losses that the nation’s three casinos experienced due to the COVID-19 pandemic (Givens, 2020).

---

9 The 2018 Farm Bill authorized USDA to practice its government-to-government relationship with Native nations through a tribe’s designated department of agriculture.

10 Local families get wholesale prices in these farmers markets (Givens, 2020).
Furthermore, the Quapaw Nation created a vertical food economy. Their casino restaurants sell their locally grown produce and beef and their five varieties of beer (which is brewed with locally grown hops and honey and costs half of what beer distributors charge) (Herrera, 2020). They also supply jerky and meat sticks to Bass Pro shops. Overall, the nation has regained its food independence and sovereignty and is generating revenues that benefit its citizens and the surrounding communities.

The Gila River Indian Community also has a thriving agricultural industry, and members describe themselves as agriculturalists. Their main products include forage for livestock, cotton, corn for silage or green chop, and barley for grain (Duval et al., 2018). In 2012, their agricultural production generated $38.4 million in cash receipts. Sales for 17 of their 39 farms superseded $100,000 annually, and their size ranged from 10-49 acres. In a 2018 study, researchers estimated that Gila River Indian Community agriculture's total economic contribution in 2015 was $66 million in sales (Duval et al., 2018).

Restoration of the Native agricultural industry comes with some challenges, including higher vulnerability to weather patterns, difficult access to financial services, and poor internet access to engage in online sales. Native farmers are more vulnerable to weather patterns and climate change than their non-Native counterparts. Native farmers often own smaller parcels where extensive agriculture practices to counteract weather shocks are not feasible (VanWinkle & Friedman, 2019). Furthermore, Native farmers have difficulty accessing loans, insurance, and USDA grants due to bureaucratic issues with the BIA and a lack of trust in other federal agencies. These barriers render Native farmers unable to have safety nets that would support them in case their crops or livestock production fails (VanWinkle & Friedman, 2019). Lastly, more Native farmers rely on e-commerce to promote and sell their products, but internet access is still a barrier for many of them.

### 3.1.5 Native Financial Services

Native financial institutions include banks, credit unions, and loan funds (Federal Reserve Bank of Minneapolis, 2022). These are recognized as Native Minority Depository Institutions (MDIs) when they have Native ownership, or most board members identify as Native, or both (have Native ownership and most board members identify as Native). In addition, they could be recognized as a Community Development Financial Institution (CDFI) if at least 50 percent of their activities serve Native American, Alaska Native, and/or Native Hawaiian communities. As of 2022, there were 82 Native American financial institutions, including 61 recognized as CDFI. Table 3–1 presents their classification as of 2022.

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>CDFI</th>
<th>Non-CDFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>3</td>
<td>17</td>
<td>20</td>
</tr>
</tbody>
</table>
Research shows that Native American CDFIs have positive impacts on individuals and communities. CDFIs enhance self-determination efforts by providing services that support members in (re)building their credit history and building assets, which had not been historically possible with non-Native economic systems (Buckley & Kashian, 2019; Dimitrova-Grajzl et al., 2022). CDFIs create jobs, enhance economic vitality, and support the creation, growth, and sustainability of other Native enterprises. Two examples of CDFIs spurring economic vitality are Lakota Funds and Four Bands Community Fund. Lakota Funds has financed over 660 Native-owned businesses, which has created more than 1,100 jobs; while Four Bands lent $12 million in 2019 for project development that resulted in the creation of more than 800 jobs (CCR, 2018; Dimitrova-Grajzl et al., 2022).

Several elements contribute to the success of these CDFIs, but key ones include their cultural relevance and the provision of financial education. Cultural relevance is embedded in financial products as they align with the nations’ principles. For instance, homeownership services from the Lakota Funds support the building of generational wealth and align with their principle of building wealth for the family rather than the individual (First Nations Development Institute, 2007). Similarly, the saving and investment tools from the Citizen Potawatomi Community Development Corporation (CDC) reflect the value of saving for the future and align with “not eating the seed corn” (Citizen Potawatomi Nation, 2022). The other component of providing resources that support financial education has helped ensure the effective use of credit and reduced defaulting on loans (Dewees & Sarkozy-Banoczy, 2008; First Nations Development Institute, 2007). Overall, Native CDFIs differentiate themselves from non-Native institutions as they uplift Native American values while also understanding and adapting to the needs of the local community (Dimitrova-Grajzl et al., 2022). Examples of successful Native CDFIs include the Lakota Funds, Ho-Chunk Community Capital, and the Citizen Potawatomi CDC.

Conversely, factors leading to CDFIs’ failure include the lack of institutional and legal capacity, cultural and political issues, and workforce constraints. First, limited institutional capacity and cultures might deter private banking investments. For instance, development projects in Native lands often require approval from the governing body. However, consensus on approval might be difficult because of resistance to waiving sovereignty that will allow non-Native investors to have ownership in the effort and also because of the high turnover rate in Native official positions. Furthermore, many nations lack the legal infrastructure to protect private investments (such as the Uniform Commercial Code -UCC, zoning regulations, and independent tribal courts). The uncertainty, length, and bureaucratic hurdles

| Credit Union | 7 | 4 | 11 |
| Loan Fund | 51 | - | 51 |
| Total | 61 | 21 | 82 |

*Source: Federal Reserve Bank of Minneapolis, Native American Financial Institutions, 2022.*

11 Resources that support financial education include financial literacy training, technical assistance to small businesses, and credit counseling.
deter private businesses from engaging in development projects with Native nations. Second, workforce issues (such as attracting and retaining suitable workers) can also challenge the sustainability of Native financial institutions (Dewees & Sarkozy-Banoczy, 2008; FNOC, n.d.). Nations such as the Gila River Indian Community have instituted scholarship and mentorship opportunities to address this issue (Gila River Indian Community, 2021).

Lastly, limited physical infrastructure and connectivity also hinder CDFIs’ success. Many reservation-based Native communities lack the infrastructure to house this type of business and roads to access them (Dewees & Sarkozy-Banoczy, 2008). Additionally, financial institutions require faster broadband speeds for cloud-based software applications and services, online business applications, and to support multiple simultaneous users. However, this service is limited in Native nations, with only 35 percent having access to this level of service (Chen et al., 2021).

The current environment presents opportunities for the development of Native financial services. A survey conducted by the Federal Reserve Bank of Minneapolis provides evidence of five factors driving the increased demand for financial services in Native nations, including (1) a growing number of borrowers, (2) the request for longer-term loans, (3) the increasing demand for larger amounts, (4) the fact that Native CDFIs are showing strong financials, and (5) that current institutions are not being able to meet all the lending opportunities (Kokodoko, 2017). Moreover, the continuous emergence of tribal enterprises and economic development efforts in Native nations could increase the demand for affordable credit (Horowitz, 2020).

Traditionally, Native nations have had limited access to financial services. About 6.9 percent of Native American households were unbanked in 2021, compared to 4.5 percent of non-Native households (FDIC, 2022). Limited access to financial services is caused by the several requirements specified by non-Native banking services that make it difficult for Native Americans to attain credit (such as land ownership and credit history) (Gregg, 2021; Wellhausen et al., 2021). Compared to non-Native Americans, Native Americans have lower credit limits, higher mortgage rates, and limited opportunities for investing in the financial market (Dimitrova-Grajzl et al., 2018; Feir & Cattaneo, 2019). In addition, most areas where Native nations are located are banking deserts. In the U.S., 86 percent of Native communities lack a single financial institution within their borders (Native CDFI Network, 2022). Similarly, a study in Canada found that the closest financial institution branch was about 15 miles from a band office, the nearest Automated Telling Machine (ATM) was just over 16 miles away, while the closest white label ATM12 was almost 3 miles away (Chen et al., 2021). Access barriers also make it difficult for Native governments to secure capital and credits and use resources in their economic development (Desiderio, 2021).

Native American financial institutions have a competitive advantage in power and positionality compared to non-native financial institutions (Merriam, 2001; Wellhausen et al., 2021). Members of a Native nation expressed that they would be more likely to use and be loyal to a bank that shares their Native identity (Wellhausen et al., 2021). In addition, Native American financial institutions understand

12 Automated Telling Machine operated by non-bank entities.
cultural nuances, which makes them more capable of building financial products that fit the needs of Native members (Dimitrova-Grajzl et al., 2022).

### 3.1.6 Cannabis Business

Some Native nations are now exploring the opportunity to engage in this new industry as a way to diversify revenue sources and bring economic development into their communities. In a market that is blooming for medical and recreational use, there are opportunities for Native nations in the establishment of retail shops, cultivation, manufacturing, laboratory testing, and medical research (Jensen & Stancik, 2021). Only in the U.S., the legal marijuana market is expected to be a $100 billion industry by 2030 (Grand View Research, 2021). Native nations already operating in this market have been using proceeds to support Native education, healthcare expenses, and training among others (Kennedy, 2022).

The literature about this type of business is still scarce as it is relatively new. However, available studies highlight the uncertainty in the legal landscape as a major obstacle for Native nations (Jensen & Stancik, 2021; Kennedy, 2022; Lewis, 2022). Although the federal government has not legalized marijuana, there are some memorandums (the Cole and Wilkinson Memorandums) that set enforcement priorities and guide enforcement efforts concerning cannabis on state and Native land. However, these leave some uncertainties regarding enforcement. For instance, there is no clear guidance on how to prevent Native operations from being raided, and conflicting views of the states, all of which have brought thousands of dollars in damages. For instance, the Flandreau Santee Sioux Tribe legalized the sale and use of marijuana on their land in 2015, but soon after, the Nation decided to destroy $1 million worth of marijuana due to warnings from South Dakota law enforcement of potential raids. Similarly, the Pinoleville Pomo Nation entered the medical marijuana business in 2015. Later that year, the Mendocino County Sheriff’s Office raided the operation, which cost the Nation more than $10,000 in damages (Kennedy, 2022).

There seem to be potential benefits for Native nations that share geography with states that have legalized marijuana, particularly if entering early compact agreements (Kennedy, 2022). For instance, the Puyallup Tribe and Washington state entered into a compact, which now allows for a vertically integrated enterprise for recreational and medicinal marijuana. The nation produces, processes, sells marijuana, and operates a marijuana testing lab. As of 2021, 18 of the 29 federally-recognized nations in Washington had entered into a marijuana compact. Similarly, the Ely Shoshone Tribe entered into a compact with the state of Nevada in 2017. The nation operates a medical and recreational marijuana dispensary that created seven new jobs when opened in 2017 and has used revenues generated to

---

13 Some others see it as a public health problem as it could exacerbate some of the existing problems in Native reservations.
convert outdated facilities into a cannabis-growing facility and hire seven additional personnel (Walker, 2019).

Some Nations are cultivating hemp as a way to generate revenue (Johnson, 2020). Although hemp is a form of cannabis (generally considered to be non-psychoactive), federal law (2018 Farm Bill) considers them as separate. The Santa Rosa Band of Cahuilla Indians received approval from the U.S. Department of Agriculture for hemp production. The nation’s plan is that growers will process hemp into products out of the reservation or sell plants to other retailers across California, but not to have a dispensary or processing plant on the reservation. With a 30-acre plot of land, the nation projects $3 million in annual revenue to expand and improve its infrastructure. In addition, the nation could offer more assistance for housing, health care, and higher education.

### 3.1.7 Film Industry

Film industry is another emergent industry for Native nations, and some are exploring it to diversify their revenue streams and create jobs while improving the representation of Indigenous people onscreen (Cherokee Nation, 2023; Sakoui, 2022). For instance, the Cherokee Nation, the Tesuque Pueblo, and the Navajo Nation have opened film studios or film and TV offices. The Cherokee Nation film studio, founded in 2019, offers unique locations for filming in northeastern Oklahoma, talent and crew databases, and studios for booking. The Nation also offers a film incentive, a cash rebate of 25 percent to filmmakers who shoot on its land. The program offers up to $1 million annually for production expenses over $50,000 in Oklahoma, of which $25,000 must be spent within the boundaries of the Cherokee Nation (Cherokee Nation, 2022; Sakoui, 2022). The Nation has also partnered with Oklahoma State University to create training opportunities for Cherokee citizens to create long-term jobs. Similarly, the Tesuque Pueblo, a Native nation based outside Santa Fe, NM, converted an old casino into a movie studio in 2020 (Keegan, 2022). The Navajo Nation also opened a film and TV office in 2018. Navajo Film issues permits for filming on its land and assists productions with location scouting and crew searches (Sakoui, 2022).

### 3.2 REVENUES FROM NATURAL RESOURCES

Native lands and natural resources provide and support Native life and culture and could also generate income for Native communities. Some Native nations generate revenue from their natural resources, while others avoid doing so as a way to protect their sacred resources. This section presents revenue-generating activities related to energy production through the utilization of renewable and non-renewable energy resources and water resources.

---

14 The credit is in addition to a 38 percent rebate offered by the State.
3.2.1 Renewable and Non-renewable Energy Resources

Native American lands contain large coal, oil, and gas reservoirs and have the technical potential to produce wind and solar energy. Native nations have two income sources associated with these natural resources: one as payments from companies to produce energy and minerals on their lands and the other as profits from tribal enterprises.

Native nations receive payments from companies to produce energy and minerals on Native lands. The Office of Natural Resources Revenue (ONRR) collects and distributes these payments, which include bonuses, rents, and royalties. The revenue generated through these payments for Native nations has increased since 2003 (334% increase between 2003 and 2021 (Camoin, 2023)), and in FY2022, it raised $1.6 billion - an increase of 40 percent compared to 2019 levels (U.S. Department of Interior, 2023). Native nations have used these revenues to provide social services, including health and education, and to build infrastructure like roads, government buildings, and schools (UNM Law Clinic, 2017).

Native nations are also working on producing renewable and non-renewable energy to alleviate energy poverty and bolster local economies (Zimmerman & Reames, 2021). As of January 2023, there were 215 renewable energy-related projects on Native lands, of which 75 were related to solar energy and 16 to wind energy (Office of Indian Energy Policy and Programs, 2023). Most Native nations use project funding for building the institutional capacity to manage their energy needs, understand the feasibility of energy efficiency and renewable energy installations, and demonstrate the viability of installing renewable energy systems on their lands (Office of Indian Energy Policy and Programs, 2023).

Solar and wind energy production presents a major development opportunity for Native Nations, with a potential of $75 billion in project investment (Milbrandt et al., 2018). Native lands could generate 10 percent of U.S. annual energy, of which 90 percent could come from utility-scale solar installations (Bronin, 2016; Milbrandt et al., 2018). The Navajo Nation, for instance, owns the Kayenta Solar Farm, the largest Native solar plant in the country, with the potential to supply energy to 28,500 homes. This project also generates economic growth in the region by creating jobs that amount to $9 million in wages, most of which are for Native Americans (representing 87% of the project’s workforce) (NTUA, 2023).

While few farms currently generate wind energy in Native lands, there are promising successful projects. As of 2023, only one farm generates wind energy with utility capacity operating in Native lands. The 50-megawatt (MW) Kumeyaay Wind Farm has 25 turbines and generates electricity for 30,000 homes near San Diego, CA (Zimmerman & Reames, 2021). Another promising project is the Cherokee Nation Businesses, LLC. The Cherokee Nation has partnered with Chicago-based PNE Wind USA Inc. to develop the largest wind farm on Native land in the country. This wind farm had 90 turbines as of 2013 and was expected to generate about $16 million in revenue in 20 years (Sustainable Business, 2013).\(^{15}\)

---

\(^{15}\) The design of the farm avoided placing windmills on migratory bird routes, which uplifts Native American values of relationship with nature.
The literature also highlights partnerships between nations as an innovative practice to pool resources and reap benefits for Native communities. One example is the case of the Oceti Sakowin Power Authority (OSPA), which is an independent, non-profit, governmental entity created through a coalition between the Cheyenne River Sioux Tribe, Flandreau Santee Sioux Tribe, Oglala Sioux Tribe, Rosebud Sioux Tribe, Standing Rock Sioux Tribe, and Yankton Sioux Tribe. According to Zimmerman & Reames (2021) several factors contribute to the success of this project. First, OSPA owns the majority stake in the project, allowing them to gain revenue from the wind farms and retain decision-making power. Second, OSPA can take loans due to its corporate status, enter lease agreements without the Bureau of Indian Affairs’ (BIA) approval, and execute business contracts without further Native oversight. Third, OSPA can take advantage of the Federal Production Tax Credit. As of 2021, OSPA had two projects producing 570 MW and plans to create 1,000 MW of wind energy on their wind farms. Partnering nations estimated the project will create 450 jobs during the construction phase and could bring $20 million in tax and fee revenue (Energy Central, 2021; Shaandiin, 2021). Another example of successful Native partnerships is the alliance of four Indigenous communities within Kongiganak (AK), who developed an advanced microgrid tied to residents’ thermal stoves. In 2017, this project saved residents between 30 to 50 percent of energy and heating costs (Pyzyk, 2017).

Regarding non-renewable energy, only 14 percent of 15 million potential acres for mineral resource energy on Native lands are utilized for energy production (Zimmerman & Reames, 2021). Native American territory—especially in the west—holds approximately 30 percent of total U.S. coal reserves, 50 percent of Uranium, and 20 percent of natural gas and oil (CCR, 2018; Grogan, 2011). However, only over a dozen of the 326 Native reservations in the country engage in this type of industry, including the Blackfeet Nation, Jicarilla Apache Nation, and Assiniboine and Sioux Tribes (sharing territory with MT); the Osage Nation (OK); the Southern Ute Indian Tribe and the Ute Mountain Ute Tribe (CO); the Ute Indian Tribe of the Uintah and Ouray Reservation (UT); the Eastern Shoshone and Northern Arapaho Tribes of the Wind River Reservation (WY); the Mandan, Hidatsa, and Arikara (MHA) Nation (ND); the Wind River Eastern Shoshone and Northern Arapaho tribes (WY); the Jicarilla Apache tribe (NM); and the Navajo Nation (AZ, NM, and UT) (Brown & Fonseca, 2021; Deaton, 2021; Grogan, 2011). The production of this type of energy holds the potential to incentivize economic growth while also stressing the existing system. Oil extraction, for instance, may damage road infrastructure, overwhelm school systems due to the influx of oil workers and their families, increase food and housing prices, increase demand for municipal waste and water treatment services, and increase law enforcement and safety needs (Cross, 2011; UNM Law Clinic, 2017).

Relying on the energy production industry as the primary source of income may threaten Native nations’ fiscal capacity. For instance, the MHA Nation, also known as the Three Affiliated Tribes, is one of the U.S.’ top Native oil producers and extracts about 100 million barrels of crude annually, yielding about $1.5 billion in revenue (Brown & Fonseca, 2021). However, this nation relies primarily on this funding to

\[16\] These types of partnerships are possible due to the Indian Tribal Energy Development and Self-Determination Act Amendments of 2015 (S.209) (Larned, 2018).
finance their infrastructure and human services, threatening their fiscal capacity as they are vulnerable to the boom and bust cycle of oil and gas (Arnold et al., 2022; Deaton, 2021). The Crow Tribe has also shown vulnerability as its annual budget relies solely on coal extraction, which has proven problematic when payments are delayed. Furthermore, this nation uses its royalties to provide per-capita income to its citizens, which leaves governmental functions reliant on mining tax revenues to fund its day-to-day operations (Grogan, 2011).

Several factors challenge the development of energy resources in Native nations, including Native governments’ limited financial capacity and infrastructure, financing limitations, and sovereignty concerns. For example, the Rosebud Sioux Tribe faced problems obtaining the funding required to finance new renewable energy projects, given that banks required the nation to have long-term contracts. However, potential buyers could not enter contracts for more than five years (Willson, 2022). In addition, even if the nation wanted to expand its wind farm production in 2012, the West Area Power Administration (WAPA)\(^\text{17}\) lacked the capacity to transport the energy to consumers, which would have hindered the nation’s ability to sell the energy it could have produced. Moreover, project costs\(^\text{18}\) often push Native nations to partner with non-Native investors, which might compromise their sovereignty. Private investors are often the majority owners of a project, and if they decide not to continue with the project, they could leave the nation with no information to restart the project (Zimmerman & Reames, 2021). However, Native nations also have the power to create laws that ensure that energy companies hire the Nation’s members, resulting in knowledge retention (UNM Law Clinic, 2017).

Another challenging factor is the need for technical capacity building within Native nations. Grogan (2011) argues that Native nations currently have limited financial and technical capacity to explore, develop, and negotiate commodity prices, which puts them at a disadvantage with potential buyers and partners. The Southern Ute Tribe, the most successful nation in energy extraction, found a way to bypass this by redirecting funding used for per-capita payments to members to fund explorations and develop companies to control all aspects of the process. This change was possible due to leadership’s willingness to hire non-Native experts (including attorneys, auditors, and petroleum geologists) and build the nation’s legal and technical capacity to exert sovereignty over its land (Grogan, 2011; Swinford, 2015).

Finally, other factors include the slow BIA processes, disadvantageous tax issues, and cultural resistance to mining. Nation leaders have highlighted the length of BIA’s project approval process as a factor that contributes to waste of time and money for Native nations. According to Zimmerman & Reames (2021), BIA bureaucracy and lack of synergy between federal agencies involved in energy projects are the most acute barriers to energy development in Native nations. Furthermore, Native nations’ sovereign status disqualified them from benefiting from tax incentives like the Production Tax Credit (PTC). This changed

---
\(^{17}\) WAPA is one of four Federal Power Marketing Administrations within the U.S. Department of Energy whose role is to market and transmit wholesale electricity from multi-use water projects (https://www.wapa.gov/).
\(^{18}\) For example, constructing a one-megawatt turbine costs $2 million, which would translate into needing hundreds of millions of dollars to build a Native wind farm (Zimmerman & Reames, 2021).
with the Inflation Reduction Act of 2022, which included a provision that allows nations to utilize renewable energy tax credits to finance and develop renewable energy projects (Section 13801) (Patterson Earnhart Real Bird & Wilson LLP, 2022)

Private entities might be deterred from partnering with Native nations as few have political, legal, and financial infrastructures favorable to businesses. They also find it disadvantageous because they cannot garner the full extent of tax credits. In addition, some states have limited tax incentives and policies for renewable energy, or impose taxes on this type of project (infringing Native sovereignty and resulting in double taxation), which poses a competitive disadvantage to making green energy projects profitable for Native nations in those states (Zimmerman & Reames, 2021). Lastly, many Native Americans avoid mining activities in their lands as it conflicts with their cultural values of protecting the earth as a relative (Gregorini, 2022; Grogan, 2011).

As in the case of OSPA, some nations have started creating non-profit organizations to obtain tax credits. However, this requires an additional step in which the nations cede control of the organization’s decisions to some extent. On the other hand, some Native nations with advanced institutional and financial capacity are creating Tribal Energy Development Organizations (TEDOs) to maximize Native sovereignty and revenues (BIA, 2022; Crepelle, 2022). TEDOs are an alternative to Tribal Energy Resource Agreements, which allow a nation to enter and manage energy-related leases, rights-of-way, and business agreements and bypass the issue of double taxation. Some nations that have created TEDOs include the Navajo Nation, the Southern Ute Indian Tribe, and the Red Lake Band of Chippewa Indians (BIA, 2022; Crepelle, 2022).

Lastly, producing non-renewable energy comes with added barriers due to complex intergovernmental relations with state and Federal governments (Arnold et al., 2022). For example, the MHA Nation has been in a legal battle with the state over the royalties on oil and gas produced beneath the historic riverbed, now within Lake Sakakawea (Collins, 2022).

### 3.2.2 Water Resources

In recent decades, Native nations have opted for settlements with federal and state governments instead of entering into extensive and costly litigation processes to recover their water rights (Nyberg, 2014; Usadin, 2021). Since the Winters v. United States decision, 46 Native nations have concluded adjudications and successfully reclaimed rights to 10.7 million acre-feet (AF) of water (Sanchez et al., 2022). The magnitude of water entitlements typically reflects the size of a reservation’s land base, where larger reservations receive more water. Settlements quantify the nation’s rights, allocate water

---

19. A list of tax incentives and policies by state is available at https://www.dsireusa.org/
20. Through this case, the Supreme Court clarified water rights for Native nations. According to this case, “when the federal government confined tribes to reservations, it implicitly reserved the amount of water necessary to maintain a reservation as a <<homeland>>” (Sanchez et al., 2022)
from existing sources, and appropriate funding for delivery systems. In recent years, settlements have involved less water but more funding for the nations.

Some Native nations in the West have secured water leasing authority through water settlements, which helps generate revenues. Nations with surplus water rights can lease them to cities and other off-reservation interests. In 2016, Native water leasing was estimated to generate $19 million in annual revenue and transfer 260,000 acre-feet per year (AFY) (Deol & Colby, 2018). The Jicarilla Apache Nation, for instance, crafted a settlement with leasing provisions specified to provide revenues from its water rights. The nation has implemented 10 long-term leases, supplying 32,000 AF to off-reservation parties, and generating $3.5-$4 million in annual income for the nation (Colby & Young, 2018; Nyberg, 2014). Similarly, the Gila River Indian Community and Colorado River Indian Tribes have generated millions of dollars in revenue in exchange for banking water rights in Lake Mead (Sanchez et al., 2022). The two nations have entered into leasing and forbearance agreements with federal agencies, states, and municipal governments to help maintain Lake Mead’s water levels.

Native nations with secured rights face several challenges to fully utilize them (Kulikowski, 2013; Nyberg, 2014; Sanchez et al., 2022). First, nations must have the authority to lease their rights, which is granted by Congress. Congressional approval is also needed to fund Native rights settlements. This, in addition, clashes with their sovereignty and self-determination as Native nations do not have the ability to use their water as they choose. Second, the lack of water infrastructure. Many nations are located far from water streams and rely on costly and large-scale infrastructures for surface water irrigation. Without such infrastructure, they are limited in the use of their water rights. Lastly, legal and institutional barriers. Some settlements, for instance, have restrictions that limit the period of leases or prevent leasing water for out-of-state use. Similarly, water infrastructure projects may be subject to federal and state environmental regulations that prevent investments on the reservation. According to estimates from Sanchez et al., (2022) nations with secure rights could put an additional 1.1 to 2.6 million AF of water into use and generate between $938M to $1.8B in annual revenues if they fully utilize them.

3.3 TAXATION

Compared to states and local governments, Native governments in the U.S. generate a significantly smaller share of revenues from taxation. Several factors limit Native governments' ability to generate tax revenue, including widespread unemployment and poverty, land status, and restrictive requirements (Baldwin-LeClair et al., 2022; Crepelle, 2022; Lozar, 2021; Montana Budget and Policy Center, 2017). First, Native governments do not have a strong tax base due to rampant unemployment and poverty, and often avoid imposing taxes on their citizens. Second, these governments cannot levy certain types of taxes, such as property taxes on reservation land because most reservation lands fall into either trust
or fee status. Third, Native governments’ taxing ability is limited due to restrictive compliance and reporting requirements. For instance, Native nations may be required to meet all the requirements applicable to states in addition to requirements applicable to them.

Furthermore, the issue of dual taxation hinders Native nations’ capacity to leverage taxes. Recent court decisions have expanded the state’s authority to tax business activities in Native communities. This has often led to double taxation or legal conflict between governments, especially in states that do not uphold federal mandates to support self-determination efforts. The dual taxation issue limits Native governments’ ability to leverage taxation as a revenue source and deters economic activity in Native nations as it discourages businesses from operating on reservations. As a result, many nations rely on their natural resources and business enterprises as their only source of revenue outside federal dollars (Baldwin-LeClair et al., 2022; Crepelle, 2022; Lozar, 2021; Montana Budget and Policy Center, 2017).

Tribal-state tax compacts emerged as a tool to address the issue of overlapping tax authority. These tools accommodate the authority of each of the governments involved and provide clarity on tax rates for consumers and businesses. Native nations and states enter and implement these agreements in various ways depending on state laws and local issues (Baldwin-LeClair et al., 2022; Cowan, 2021). For instance, a Native nation and state may collect one tax on transactions where both have tax authority and evenly split it. Or one government may collect a tax and remit a portion of it to the other government based on a pre-set formula. In some instances, a state may collect a tax from specific business transactions and refund the entire amount to the nation, which can benefit Native nations without the capacity for tax collection (Baldwin-LeClair et al., 2022). For example, the MHA Nation entered a compact with North Dakota to receive a higher percentage of the tax collected from companies operating on Native land, and to reinvest it in the nation’s economic development.

Compacts bring important benefits to nations and states using them. For nations, compacts enable them to control their sovereignty to some degree from state encroachment; and control and maintain economic development within their territories. Similarly, compacts allow states to protect some of their revenue bases and address issues with cross-territorial enforcement. Finally, for both nations and states, compacts provide certainty as they avoid litigation over taxing authority and allow for advanced planning of government budgets (Browde, 2022).

These agreements, however, have some limitations (Browde, 2022; Cowan, 2021; Crepelle, 2022). First, sometimes compact agreements do not explicitly affirm Native sovereignty and a nation’s inherent right to tax transactions occurring on their land. One study examining ten state-tribal compacts found that only half of the reviewed compacts had explicit language acknowledging the sovereign status of the nations. Second, assessing whether a compact is fair based on the revenue-sharing arrangement is difficult. To assess the fairness of compacts, it is important to consider which party is responsible for the

21 Land owned by the nation or individual Native members is called trust land and is held in trust by the federal government and cannot be taxed. Fee land are parcels of land that are privately owned due to forced allotment of many reservations and are subject to property tax assessments. Native governments cannot tax fee land unless there is an exemption under the state law (Montana Budget and Policy Center, 2017)
tax-funded infrastructure and services. The provision of services varies across states and tribes, which means it is possible that if revenue allocations are fair in one state-tribal context, they may be unfair in others. Third, compacts may also limit the nation’s spending by requiring them to spend funding on “essential governmental services.” Fourth, nations may sacrifice some rights as they may not have equal bargaining power relative to the state in the negotiation.

The effectiveness of a compact also depends on the quality of the data on which the terms of compacts are set. For instance, a compact may require a state to collect the tax revenue and remit a portion to the nation. The remitted portion may be based on the nation’s population or a predetermined percentage of the tax revenue collected. According to Baldwin-LeClair et al. (2022), it is important that the nation and state ensure the data upon which a compact is premised are accurate, up-to-date, and verifiable.

Native governments are sovereign entities with authority to levy taxes on reservation lands. Examples of taxes tribes can levy include income taxes, retail sales, use, and excise taxes, fuel taxes, and severance taxes -typically levied by state governments; and property taxes, hotel occupancy taxes, and utility taxes -typically levied by local governments (Montana Budget and Policy Center, 2017; NCAI, 2021). In addition, some Native nations may also receive voluntary land taxes or honor taxes from non-indigenous residents of indigenous lands.

**Income taxes:** Native nations in the U.S. have the authority to assess income tax on their members. However, few nations levy income taxes due to widespread poverty and unemployment (Browde, 2022; Montana Budget and Policy Center, 2017; NCAI, 2021).

In Canada, only First Nations that have concluded self-government agreements can levy the First Nations Personal Income Tax (PFPIT). These nations have a concurrent taxing authority over their members or citizens within their settlement lands and may be able to negotiate to extend that authority to non-member residents within their lands. Typically, the First Nation imposes a tax fully harmonized with the federal tax. Then, the federal government vacates a corresponding portion of its tax room to support First Nations in imposing their taxes. Similarly, some provincial and territorial governments also share a portion of their personal income tax room with First nations. As of 2014, 14 self-governing nations have enacted a personal income tax and obtained approximately $18 million in revenues annually (Government of Canada, 2014). The federal government administers and enforces the tax on behalf of the nation, and the arrangements are subject to a negotiated revenue-sharing agreement (Graham & Bruhn, 2010).

**Retail sales, use, and excise taxes:** Some Native nations in the U.S. levy sales and excise taxes. However, these taxes do not generate sufficient revenue to support government functions (NCAI, 2021). Overall, there is no aggregated information regarding the revenues generated through this tax for Native nations, and few nations report their proceeds. The Navajo Nation, for instance, raised $5.9 million in 2011 through its four percent general sales tax (The Navajo Nation, 2017).
Examples of other Native nations that assess retail tax include those with tax agreements with South Dakota. As of 2023, of the nine Native nations sharing territory with South Dakota, five\(^\text{22}\) have comprehensive tax collection agreements, and two\(^\text{23}\) have limited agreements with the State. According to these tax collection agreements, all retail transactions or construction services on properties included in the agreements are subject to the same taxes, tax rates, and exemptions.\(^\text{24}\) The sales or use tax rate in these jurisdictions is 4.5 percent, and the tax collected is split between the State and the Native nations based on the terms of the agreements. The comprehensive tax collection agreements with the State include but are not limited to, sales,\(^\text{25}\) use,\(^\text{26}\) tourism, and contractor’s excise taxes. The limited tax agreements include but are not limited to, use tax and contractor’s excise tax (South Dakota Department of Revenue, 2022).

First Nations in Canada can levy consumption taxes through agreements pursuant to their self-government agreements or under the Indian Act. Nations opting for this tax need special agreements with Canada and can impose it on First Nations and non-Indigenous consumers on their reserves. This tax is administered and enforced by the federal government on behalf of the taxing nation, and revenues are remitted to them, sometimes subject to a revenue-sharing mechanism. As of 2020, only 46 of the 630 First Nations had a consumption tax (Government of Canada, 2022). Eight of them have levied a First Nations Sales Tax (FNST) on alcohol, fuels, and tobacco (Government of Canada, 2023b), which generated more than $6 million annually as of 2014 (Government of Canada, 2014). The other 38 First Nations have adopted the First Nations Goods and Services Tax (FNGST), which they levy on all taxable supplies of goods and services occurring on the reserves or settlement lands of the taxing First Nation (Government of Canada, 2023a). As of 2014, the FNGST generated approximately $11 million in annual revenue (Government of Canada, 2014).

Fuel taxes: Some nations in the U.S. have agreements with the state in which either they pay the state fuel tax and receive a rebate or assess a tribal tax and report sales to the state (Federal Highway Administration, 2014). Native nations sharing geography with Arizona, Idaho, Montana, Nebraska,\(^\text{27}\) New Mexico, and South Dakota levy a tribal tax on fuel purchases (in most cases, the state collects the tax); while those sharing geography with Iowa, Minnesota, Oklahoma, and Washington pay state fuel tax and receive a refund.\(^\text{28}\) The Oneida Indian Nation, for instance, collects a gasoline tax that contributes to

\(^\text{22}\) Cheyenne River Sioux Tribe, Crow Creek Sioux Tribe, Oglala Sioux Tribe, Rosebud Sioux Tribe, and Standing Rock Sioux Tribe
\(^\text{23}\) Sisseton Wahpeton Oyate and the Yankton Sioux Tribe
\(^\text{24}\) For instance, the two properties listed in the agreement between Yankton Sioux Tribe and the State are subject to the same tax terms. These properties are the Fort Randall Casino and Smokeshop property and the Yankton Sioux Tribe Travel Plaza.
\(^\text{25}\) Sales tax is assessed on products and services at the time of purchase, lease, or rental.
\(^\text{26}\) Use tax is due on purchases if no sales tax has been imposed.
\(^\text{27}\) Nations in Nebraska share a portion of the fuel tax collected with the state.
\(^\text{28}\) As if 2014 Arizona had agreements with 3 out of 21 nations; Minnesota with 10 out of 11 nations; Montana with 6 out of 7 nations; Nebraska with 2 of 3 eligible nations; Oklahoma with 23 out of 41 nations; South Dakota with 4 out of 9 nations; and Washington with 16 of 29 nations (Federal Highway Administration, 2014).
funding government programs and services such as healthcare, affordable housing, education, elder care, and youth programs (Oneida Indian Nation, 2022).

**Severance taxes:** Native nations can assess severance taxes on natural resource development on their reservations. For instance, the Southern Ute Indian Tribe assesses a 6.5 percent severance tax on non-renewable energy minerals from native trust lands, Native-owned fee lands, and allotted or restricted lands in their reservation (Southern Ute Department of Energy, 2014; Southern Ute Indian Tribe, 2014). The proceeds are either separately invested, consolidated with other investments, or may be used to cover the costs of general governmental administration, services, acquisition of commercial enterprises, or other uses (Southern Ute Indian Tribe, 2014). Similarly, the Seminole Nation of Oklahoma imposed an 8 percent severance tax on oil and gas companies operating on its trust lands or restricted land in 2014, but the State of Oklahoma disputes the tax. The Nation attempted to collect this tax in 2019, and again in 2020, and estimated that the total tax owed by different companies operating on its lands amounts to approximately $2.4 million (Oxendine, 2020).

**Property taxes:** Native nations in the U.S. cannot assess property taxes on reservation land because of the trust or fee status of these lands. In Canada, the most popular tax with First Nations has been the real property tax under Section 83 of the Indian Act or the First Nations Fiscal Management Act (FMA) (Graham & Bruhn, 2010). Between 1998 and 2020, the number of First Nations with property taxes has almost quadrupled, increasing from 74 to 275 (Woolley et al., 2021). This tax generated approximately $70 million in annual revenues in 2012-13 (Government of Canada, 2014).

**Hotel occupancy taxes:** Native nations have the authority to assess hotel occupancy taxes on all customers, including non-Native people, for their stay at a hotel or rental space on their reservations (Montana Budget and Policy Center, 2017). For instance, the Suquamish Tribe, Jamestown S'Klallam Tribe, and the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians have imposed hotel occupancy taxes to provide for essential governmental services and programs (Confederated Tribes of Coos, Lower Umpqua, and Siuslaw, 2020, 2020; Jamestown Tribe Tribal Council, 2020; Suquamish Tribal Council, 2015). The Suquamish Tribe and Jamestown S'Klallam Tribe have imposed a tax equal to 100 percent of the state and local use tax. Similarly, the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians assess a 10 percent occupancy tax.

**Utility taxes:** Native nations have the right to impose utility taxes on companies contracting with a tribe. Utility taxes can be passed on to all ratepayers (Native and non-Native) within a service area. Native nations have imposed utility services on telecommunications, railroads, solid waste collections, and electrical power (Montana Budget and Policy Center, 2017).

---

29 Native nations cannot assess an occupancy tax on non-Native owned hotels operating on fee land (Montana Budget and Policy Center, 2017).
Native nations have a government-to-government relationship with the federal government. The federal government has trust and treaty responsibility to protect Native lands and self-governance, and to provide federal assistance for the success of Native communities (NCAI, 2020). Federal agencies administer an array of programs and services for Native nations in various ways, including through direct service delivery or awarding grants to Native nations or other entities to provide services. Federal agencies award grants on a discretionary basis (competitively or non-competitively) or as pass-through grants to states. States then award the pass-through grants to a subgrantee to provide services to Native nations (GAO, 2022). Examples of programs Native governments receive some federal funding for include health, education, housing, law enforcement, safety, among others. Federal funding has mostly remained flat and has been inadequate to meet the growing needs of Native nations (CCR, 2003, 2018).

Several federal agencies provide important funding for programs serving Native communities (CCR, 2018). In fiscal year 2020, the total federal funding for these programs was about $23.6 billion for 30 federal agencies (GAO, 2022). The Department of Interior through the BIA, for instance, has provided an average of $2 billion per year in funding for programs targeting Native communities. About 68 percent of the funding is used directly in contracts, grants, or compacts, and 32 percent is used to operate offices such as the Office of Indian Services, Justice Services, and Field Operations (Partnership with Native Americans, 2023). Similarly, the Department of Health and Human Services through the Indian Health Service (IHS) has an annual budget of $6 billion to support health care (HHS, 2023). The Department of Housing and Urban Development also awa...
TTP’s funding in 2020 was $505 million, and the grants it provides support the building, rebuilding, and maintenance of transportation infrastructure in Native lands.³⁰

Native communities have experienced limited improvements in economic and social development despite funding availability from the Federal Government (CCR, 2018). Funding for Native programs meets just a portion of the needs, leaving basic needs unmet and contributing to disparities. In addition, jurisdictional overlap and the lack of communication and coordination between federal agencies have complicated the application and distribution processes and resulted in duplication of efforts, service delays, and wasted resources.

Native nations have also complained about the inconsistency of funding mechanisms in place for them compared to those of the states and the competition for funds with other nations under the priorities and guidelines of a federal agency. The BIA, for instance, provides the majority of federal funds to Native nations but funding allocation is complex and inconsistent (Curtis & Jorgensen, 2004). The BIA’s Tribal Priority Allocations (TPA) program allocates funding inconsistently across nations based on parameters like established treaties, geographical characteristics (e.g., area and population size), policies, politics, and timing. These allocations typically favor nations with higher staff capacity to navigate the grant process (Curtis & Jorgensen, 2004). Furthermore, the funding is inconsistent given that some programs have been removed from the TPA budget, and nations that have relied on this program for their high priority programming have lost significant funding (Curtis & Jorgensen, 2004).

**Federal Contracting**

The U.S. government is the largest purchaser in the world, and contracting with it can be profitable for contractors (BIA, 2018). Native enterprises are eligible to participate in the U.S. Small Business Administration (SBA)’s 8(a) Business Development program that provides preferential access to the federal government contracting to socially and economically disadvantaged businesses.³¹ The top five industries in which Native 8(a) companies engage are professional, scientific, and technical services; administrative, support, waste management, and remediation services; construction; manufacturing; and information (NACA, 2012).

The (SBA)’s 8(a) program has surpassed the revenue growth of Native gaming and natural resources activities and has brought diversification, revenue growth, employment, profits, and social investment to Native communities (NACA, 2012; NCAI, 2023). From 2003 to 2021, federal Native contracting grew 41.6 percent, compared to 16.8 percent annualized gaming and 5.8 percent in natural resources

---

³⁰ BIA and the Federal Highway Administration allocate these grants using a statutory formula - Tribal Transportation Allocation Methodology TTAM formula - based on Native population, road mileage, and average Native shares of a former formula (FHA, 2023; BIA, 2023).

³¹ To compete for federal contracts, nations or Native-owned businesses must obtain some certifications and identities (e.g., a DUNS number, CAGE code, and NAICS code) (BIA, 2018).
annualized growth (Chavis et al., 2022). While federal Native contracting has experienced positive revenue growth, it is still outpaced by non-Native contractors.

Consolidated information regarding the representation of Native companies as a share of 8(a) companies is not available. Existing data shows that Alaska Native Corporations (ANC) received 1.4 percent of the $13.8 trillion in total contracting revenue awarded to all contractors from 1981 to 2021 (Chavis et al., 2022). Regarding employment, a 2010 survey showed that about half of the registered Native American Contractor corporations employed 56,076 people, of which 5 percent were Native American, 25 were from other minority groups, and 70 percent were non-Native. According to the survey, these employees received about $5.9 billion in wages and benefits (NACA, 2012). Native 8(a) companies have benefited the Native workforce organizations by providing internships and other opportunities to gain experience and acquire new skills. These companies also share their profits to support social programs, including scholarships, social security for Native elders, and support for cultural initiatives such as Native arts and language revitalization (ARA, 2023; Chavis et al., 2022; NACA, 2012). Lastly, they generate direct and indirect economic benefits for non-Native individuals and communities (NACA, 2012).

Some examples of Native nations that have successfully contracted with the Federal government include the Winnebago Tribe and the Kaniag communities. The Winnebago Tribe owns Ho-Chunk, Inc, an economic development corporation in South Dakota, Nebraska, and Iowa. This corporation has become a leading employer and developer of capital projects that include real estate. As of 2018, the $9 million Winnebago Tribe had invested in Ho-Chunk, Inc generated almost a $75 million return on investment. Furthermore, between 2000 and 2014, the corporation contributed more than $53 million to the Winnebago reservation, which had an approximate $100.7 million impact on the communities. It also generated over $8.1 million in wages and salaries (Ho-Chunk, 2014). Ho-Chunk corporation’s successes have improved income and quality of life for those living on the Winnebago reservation. Between 2000 and 2016, the proportion of individuals living in poverty decreased by 6 percent, and the median household income rose by 83.2 percent for reservation inhabitants (Ho-Chunk, 2018). Koniag is another example of Native Federal contracting. This Alaska Native Regional Corporation shares its revenues from contracting activities to fund social programs in the community. Some social initiatives include scholarships, financial support for elders, and funding for a cultural focus museum (Chavis et al., 2022).

Literature indicates some barriers to establishing a Native 8(a) company to contract with the Federal government. Obstacles include clashes between Native priorities and the organization’s strategic business goals, and increased competition in the federal marketplace. First, mismatches between community and business priorities include preferences for the usage of profits and hiring issues. For instance, the community might advocate using profits for per-capita payments, while the business might push for their re-investment for business growth. Another countervailing issue is the willingness to hire non-Native people and contribute to non-Native causes. Furthermore, Native contracting organizations also generate indirect economic impacts for local and state governments in the form of indirect business taxes (sales, excise, and taxes that exclude profit).

---

32 These companies employ non-Native people and contribute to non-Native causes. Furthermore, Native contracting organizations also generate indirect economic impacts for local and state governments in the form of indirect business taxes (sales, excise, and taxes that exclude profit).
non-Native talent to direct the companies when the pool of Native candidates is smaller. To circumvent the talent issue, some Native nations are offering mentorship and apprenticeship for their members; however, this requires time and effort investment (NACA, 2012). Second, Native companies compete with large corporate contractors and other minorities for federal contracting. As a share of the total population in 2019, Native Americans represented 1.1 percent of the population that contracted with the Federal government, compared to African Americans (12%), Hispanic (15.2%), and Asians (6%) (CEA, 2021).

### 3.5 Philanthropic Support

Foundations and public charities are financially capable of supporting Native Nations’ self-determination efforts. The nominal amount of grant dollars for Native Americans has been increasing in recent years, but in real terms, the funding has been stagnant. Native Americans in Philanthropy & Candid (2019) reported that Native Americans received $143.1 million in 2016 from philanthropic funders, a considerably high level of funding. However, the funding growth was modest compared to funding received in 2006 when adjusted for inflation. Therefore, the effective dollar amount of grants does not keep up with the growing budgetary needs of Native governments and organizations seeking funding from philanthropy (Native Americans in Philanthropy & Candid, 2019).

On average 20 percent of the 1,000 largest U.S. foundations design grants to fund Native American causes explicitly. As of 2009, the causes that receive the most philanthropic funding included education (27%), arts and culture (18%), public affairs and social benefit (15%), human services (15%), health (10%), science and technology (8%), environment and animals (7%), and others (1%). Overall, the top ten biggest foundations awarded 58 percent of the total philanthropic funding to Native Americans between 2015 and 2016 (Native Americans in Philanthropy & Candid, 2019). For example, the Northwest Area Foundation commits 40 percent of grant dollars to Native-led organizations and Ford Foundation provides $3.5 million in grants that support Native arts and cultures (the largest sum of money to Native Americans from a philanthropic organization). The Bush Foundation also has a program to support self-determination and the institutional capacity of Native nations’ sharing territory with Minnesota and the Dakotas, and, in 2021 committed $100 million targeting Native and Black communities to address wealth disparities caused by historic racial injustice (Bush Foundation, 2021; Native Americans in Philanthropy & Foundation Center, 2011).

Foundations tend to allocate their grants to Native organizations not affiliated with Native governments, as they are more compelled to provide grants to projects with goals that align with their foundations’ strategic priorities. Additionally, projects benefiting Native Americans are time-bound, which facilitates monitoring and evaluation of outcome achievement (Native Americans in Philanthropy & Foundation Center, 2011). The top five areas foundations support include program development, general support, policy, advocacy, and systems reform, capacity building and technical assistance, and individual development and student aid (Native Americans in Philanthropy & Candid, 2019).
Native initiatives that have received support from Foundations is OSPA, which has received $550,000 in grants from the Northwest Area Foundation and $200,000 from The Bush Foundation to fund its establishment, construction, operations, and workforce development in its region of influence (OSPA, 2013, 2016, 2018).

Philanthropic funding, however, is not proportionally distributed among disadvantaged racial groups, and geographical locations. Between 2002 and 2016, only 0.4 percent of large U.S. foundations’ funding was directed to Native communities, even though they represented two percent of the U.S. population (Native Americans in Philanthropy & Candid, 2019). Furthermore, foundations are frequently located in metropolitan areas, which provides greater access to founders to urban Native organizations compared to their rural counterparts. In 2009, Native American causes in rural regions received 25.8 percent of grantmaking dollars, even though 30.9 percent of the total Native American population lived in rural areas during that year.

**Voluntary land taxes or honor taxes:**

Voluntary land taxes or honor taxes are other forms of philanthropic revenue for Native nations. These are typically initiated by non-indigenous residents living on or visiting and organizations located on indigenous lands as a way to recognize Native sovereignty and their rights on the land. These tax programs may be run by non-Native residents working in partnership with Native nations and organizations or Native-led non-profits. These taxes are voluntary, and program participants determine the tax amount and frequency of payment. However, some programs include suggested amounts and frequencies. Voluntary land taxes support Native sovereignty as they provide Native nations with resources and foster their work to regain their territory (Native Governance Center, 2021).

Some examples of voluntary land taxes received by Native governments are the Wiyot Honor Tax and the Mni Sota Makoce Honor Tax. The Wiyot Honor Tax is a voluntary amount directly paid to the Wiyot Tribe. This tax was created by northern California residents as a way to actively recognize the sovereignty of the nation and their rights to their land. Program participants choose their tax amount (Native Governance Center, 2021). Revenues from this tax support the economic sovereignty of the nation because the nation chooses how to spend the funds (Humboldt, 2023). Similarly, people who live, work, and visit the Dakota land voluntarily pay the Mni Sota Honor Tax to the Lower Sioux Indian Community to recognize and support the enduring sovereignty of this nation (MN Honor Tax Organization, 2022). Program participants can pledge to pay a monthly or annual ongoing amount, make a one-time payment through the Mn Honor Tax website, or send checks directly to the nation. The nation did not request or initiate this tax, but the Tribal Council accepted this as a gift of governmental revenue and outlined a set of priorities for the use of the funds. Some priorities are supporting Lower Sioux youth, acquiring land, and public education (Native Governance Center, 2023).

Another example is the Real Rent Duwamish that supports Duwamish people. The rent is suggested to be a monthly amount, which represents a continuing effort to acknowledge the Duwamish and recognizes that non-Natives are visitors on their land who are profiting from being there. Seattle residents created this rent to provide resources to the Duwamish people who ceded 54,000 acres to the
U.S. government, but did not receive reservation or federal recognition. There are no suggested amounts, and the proceeds have been used to invest in their infrastructure (updating the Duwamish tribal headquarters), education, and hiring additional staff.

Lastly, the Shuumi Land Tax is an example of voluntary land taxes that support Indigenous-led organizations. The Shuumi Land Tax is a voluntary annual amount that non-Natives living on the Confederated Villages of Lisjan’s territory pay (Sogorea Te’ Land Trust, n.d.). The suggested amount is progressive and depends on the size or value of the property and ownership status (owned or rented). Revenues from the tax support an Indigenous women-led organization that “cultivates rematriation” and works for returning Indigenous land to Indigenous people.
CHAPTER 4: CONCLUSIONS

This literature review summarized some of the most prominent revenue sources available to Native nations in the U.S. Most funding comes from Tribal enterprises and government-to-government funding. Other sources that may not represent a significant share of total revenues include utilizing natural resources, such as renewable and non-renewable energy and water resources, taxation, and support from foundations.

Tribal enterprises are established in a variety of industries. Those explored in this report included gaming, tourism and hospitality, convenience stores, agriculture and food systems, financial services, cannabis, and the film industry. Native enterprises provide funding for the Native nation’s social programming and bring important benefits to Native and non-Native populations. Benefits include increased employment, reduced poverty, economic revitalization, and social development. Native enterprises also contribute to other governments in the U.S. through the payment of taxes.

The literature also highlights Native nations that have been successful in generating revenue from these economic activities as well as the barriers they face. The most noted barriers include interference from Tribal Councils in business decision-making, lack of financial capacity, lack of infrastructure, lack of synergy between Native and non-Native governments, lack of coordination between Federal agencies, and difficulty in attracting investors to the reservations.

Overall, there is no systematic research regarding the funding opportunities available to Native nations. The existing literature focuses on Indigenous gaming, and studies about other economic activities are scarce. It is important to study the economic activities that have the potential to bring revenues to Native nations and thus contribute to their self-determination, sovereignty, and economic development. Future research may explore the actual funding composition and how it varies between rural and urban Native communities. Other areas for research may include successful practices for financial management across Native nations.
REFERENCES

https://www.americangaming.org/resources/state-of-the-states-2021/


https://www.brookings.edu/blog/up-front/2019/04/08/the-transformation-of-the-american-indian-gaming-industry/


https://digitalcommons.law.ou.edu/cgi/viewcontent.cgi?article=1703&context=ailr

https://heinonline.org/HOL/P?h=hein.journals/tulev26&i=249


https://www.econstor.eu/bitstream/10419/241100/1/sdp2021-08.pdf


Citizen Potawatomi Nation. https://www.potawatomi.org/blog/2013/02/14/four-decades-of-cpn-history-all-in-a-day-s-work-for-tribal-elder-mary-powell/


https://doi.org/10.22004/ag.econ.273677


https://doi.org/10.1057/s41294-018-0064-6


https://www.justice.gov/opa/pr/justice-department-announces-more-246-million-grants-tribal-nations


https://economics.arizona.edu/file/736/download?token=oZpGUGq8


Retrieved June 12, 2023, from https://www.explorenavajo.com/about.html


An estimated 4.5% of the survey began in 2009.

https://www.fhwa.dot.gov/policyinformation/motorfuel/aismf/chap2.cfm

https://www.minneapolisfed.org/indiancountry/resources/mapping-native-banks

https://www.minneapolisfed.org/article/2022/doing-business-in-indian-country


https://ir.lib.uwo.ca/cgi/viewcontent.cgi?article=1409&context=aprci

Grand View Research. (2021). *Legal Marijuana Market Size, Share & Trends Analysis Report By Product Type (Flower, Oil And Tinctures), By Application (Medical, Adult Use), By Region (North America, Europe, APAC, LATAM, Africa), And Segment Forecasts, 2023—2030.*
https://www.grandviewresearch.com/industry-analysis/legal-marijuana-market

minneapolisfed.org/article/2021/institutional-support-sways-tribal-opinions-of-groundbreaking-bank


https://doi.org/10.1108/IHR-06-2021-0048


https://online.flippingbook.com/view/863755417/?sharedOn=


https://doi.org/10.21203/rs.3.rs-1455470/v1


https://www.mnhonortax.org


https://nativeamericanagriculturefund.org/about/#:~:text=Keepseagle%20v.-,Vilsack,loans%20dating%20back%20to%201981.


Native CDFI Network. (2022). *What is a Native CDFI?* https://nativecdfi.net/about/what-is-a-native-cdfi/


OSPA. (2013). *NWAF Grant Award*. https://www.ospower.org/nwaf-grant-award/

OSPA. (2016). *OSPA Receives a $200,000 Grant from the Bush Foundation*. 
https://www.ospower.org/ospa-receives-a-200000-grant-from-the-bush-foundation/


Parker, M. (2022). *2021 Indian Gaming Revenue Jumps to Record High $39 Billion, Increases 40%*. 

Partnership with Native Americans. (2023). *5 Native American Funding Facts*. 
http://www.nativepartnership.org/site/PageServer?pagename=pwna_media_fundingfacts

Patterson Earnhart Real Bird & Wilson LLP. https://nativelawgroup.com/renewable-energy-tax-credits-for-tribes/


https://doi.org/10.5250/amerindiquar.34.3.365


https://www.google.com/url?q=https://www.subr.edu/assets/subr/COBJournal/Native-American-
Study110820Final1896.pdf&sa=D&source=docs&ust=1679430703408205&usg=AOvVaw3BrTtX8sMjrm_LbtpTdI5z


*Greenbiz*. https://www.greenbiz.com/article/just-energy-transition-action-developing-1g-wind-power-tribes


South Dakota Department of Revenue. (2022). *Sales of Products or Service within Indian Country*. 


https://www.suitdoe.com/energyaccounting/


https://doi.org/10.32721/ctj.2021.69.3.pf.edit0rs

https://doi.org/10.1016/j.erss.2020.101874