

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0151-22_

SPONSOR: Mark Freeland

TITLE: An Action Relating to the Resources and Development Committee, Budget and Finance, and the Naabik'iyáti Committee; Approving the Division of Economic Development's Applications for the State Small Business Credit Initiative Under the Federal American Rescue Plan Act

Date posted: August 23, 2022 at 5:03PM

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LEGISLATIVE SUMMARY SHEET
Tracking No. 0151-22

DATE: August 23, 2022

TITLE OF RESOLUTION: RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE, BUDGET AND FINANCE, AND THE NAABIK'IYATI' COMMITTEE; APPROVING THE DIVISION OF ECONOMIC DEVELOPMENT'S APPLICATIONS FOR THE STATE SMALL BUSINESS CREDIT INITIATIVE UNDER THE FEDERAL AMERICAN RESCUE PLAN ACT.

PURPOSE: This resolution, if approved, will authorize DED to apply for the SSBCI and delegate administration of SSBCI programs to third party entities.

This written summary does not address recommended amendments as may be provided by the standing committee. The Office of Legislative Counsel requests each committee member to review the proposed resolution in detail.

5-DAY BILL HOLD PERIOD: Johnson
Website Posting Time/Date: _____
Posting End Date: 08-28-22
Eligible for Action: 08-29-22

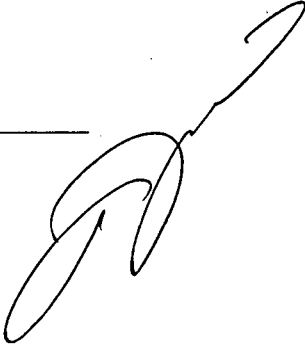
Resources & Development Committee
Thence
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Naabik'iyati' Committee

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PROPOSED STANDING COMMITTEE RESOLUTION
24th NAVAJO NATION COUNCIL – FOURTH YEAR, 2022

INTRODUCED BY

(Prime Sponsor)



TRACKING NO. 0151-22

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE, BUDGET AND FINANCE, AND THE NAABIK'İYATI' COMMITTEE; APPROVING THE DIVISION OF ECONOMIC DEVELOPMENT'S APPLICATIONS FOR THE STATE SMALL BUSINESS CREDIT INITIATIVE UNDER THE FEDERAL AMERICAN RESCUE PLAN ACT.

Section One. Authority

- A. Statements of policy, enactment of positive law, intergovernmental agreements, budget resolutions, and reallocations, must be reviewed and approved by resolution by the appropriate standing committee(s) and the Navajo Nation Council except as otherwise provided herein. 2 N.N.C. § 164 (A)
- B. The Resources and Development Committee is a standing committee of the Navajo Nation Council and has oversight authority over the Navajo Nation Division of Economic Development (“DED”). 2 N.N.C. § 500(A); 2 N.N.C. § 501(C)(1). The committee has authority to “review and recommend to the Naabik'iyati' Committee Intergovernmental Agreements and agreements between the Navajo Nation and any governmental entity relating to economic development [] for efficiency and timely comparison of those projects.” 2 N.N.C. § 501(B)(12).
- C. The Budget and Finance Committee is a standing committee of the Navajo Nation Council and has authority to “[a]uthorize, review, approve and accept agreements,

1 including contracts and grants, between the Navajo Nation and any federal, state or
2 regional authority upon the recommendation of the standing committee which has
3 oversight of the division, department or program which has applied for the agreement.” 2
4 N.N.C. § 300(A); 2 N.N.C. § 301(B)(15).

5 D. The Naabik’íyáti’ Committee is a standing committee of the Navajo Nation Council and
6 has authority to “coordinate all federal, county and state programs with other standing
7 committees and branches of the Navajo Nation government to provide the most efficient
8 delivery of services to the Navajo Nation.” 2 N.N.C. § 700(A); 2 N.N.C. § 701(A)(4).
9 Upon recommendation by the appropriate standing committee, the resolution shall be
10 submitted to the Naabik’íyáti’ Committee with amendments and committee reports. 2
11 N.N.C. § 164(A)(9).

12 E. The President or Vice-President of the Navajo Nation or their designee shall execute
13 contracts or agreements pertaining to the Executive Branch. 2 N.N.C. § 222(A).

14 F. The Division Director of DED has the duty to “coordinate with the Resources and Development
15 Committee of the Navajo Nation Council...to propose and encourage economic development.”
16 DED Plan of Operations § IV(A), approved by RDCO-055-19 (Oct. 16, 2019). The Division
17 Director also has the power to “[r]ecommend, evaluate and plan the creation...of programs” and
18 “[e]xecute such directives and authorities as may be directed and/or authorized by the appropriate
19 authority of the Navajo Nation.” DED Plan of Operations § IV(A)(1) and (10).

20 G. DED is authorized to “[s]eek federal, state, and conventional financing for commercial, industrial,
21 and tourism projects and develop other economic programs to enhance economic activity within
22 the Navajo Nation.” DED Plan of Operations § V(H). This authority is consistent with the
23 Division’s objective to “monitor and administer grants and loans received for such projects.”
24 DED Plan of Operations § III(E).

25 H. DED also has the authority to “execute such directives as may be directed or authorized by the
26 appropriate authority of the Navajo Nation consistent with Navajo and federal law.” DED Plan of
27 Operations § V(I).

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29 **Section Two. Findings**

- 1 A. On March 11, 2021, United States President Biden signed Public Law 117-2, American
2 Rescue Plan Act (“ARPA”) into law. Section 3301 of ARPA amended and reauthorized
3 the State Small Business Credit Initiative (“SSBCI”), which provided \$10 billion to fund
4 the SSBCI, including \$500 million specifically allocated for Tribal governments.
5 Approximately \$15 million in technical assistance funding is reserved for Tribal
6 governments to provide legal, accounting, and financial advisory services to businesses
7 owned by socially and economically disadvantages individuals and very small
8 businesses.
- 9 B. Through the United States Department of Treasury, SSBCI will fund state, territory, and
10 Tribal government small business credit support programs, including capital access
11 programs, loan participation programs, loan guarantee programs, collateral support
12 programs, and venture capital programs (“other credit support programs”).
- 13 C. To participate in the SSBCI program, Tribal governments were required to submit a
14 Notice of Intent to apply (“NOI”) by December 11, 2021. SSBCI requires Tribal
15 governments to complete and submit an SSBCI capital application to the U.S.
16 Department of Treasury by September 1, 2022. A separate SSBCI technical assistance
17 application to the U.S. Department of Treasury may be submitted by December 9, 2022.
- 18 D. The Navajo Nation is expected to receive a Tribal allocation of approximately \$90
19 million upon timely submission of the complete SSBCI capital application and approval
20 by the U.S. Department of the Treasury. The Tribal allocation for technical assistance
21 funding will be determined by the U.S. Department of Treasury after Tribal consultation
22 and consideration of public comments in May 2022.
- 23 E. The Navajo Nation timely submitted a Notice of Intent on July 6, 2021. After the
24 submission of the Notice of Intent, DED began development of a Navajo SSBCI Program
25 (defined below) that supports Navajo-owned small businesses.
- 26 F. In the course of development, DED has outlined an administration strategy to involve
27 third party entities to administer or provide technical assistance to support SSBCI
28 programs (“Program Administrators”) in order to both leverage the experience and build
29 the capacity of these entities to serve the unique needs of Navajo business owners.
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- 1 G. DED worked with Program Administrators to define the initial scope for Phase I of the
2 Navajo SSBCI Program, pursuant to which DED will implement a loan guaranty and loan
3 participation program (“Loan Program”) through subrecipient agreements with the
4 Program Administrators to facilitate borrowing by Navajo owned businesses, as set forth
5 in the SSBCI Phase I Program Plan. **EXHIBIT A**
- 6 H. Upon the United States Department of Treasury’s approval of the Navajo Nation’s
7 SSBCI application, and prior to distribution of SSBCI funds to the Navajo Nation, the
8 parties must enter into an Allocation Agreement, which is anticipated to be in a form
9 substantially similar to **EXHIBIT B**.
- 10 I. After successful implementation of the Loan Programs and further due diligence, DED
11 anticipates it will later amend the SSBCI application to add capital access, venture
12 capital, or collateral support programs in a phased-in approach, subject to approval by the
13 U.S. Department of the Treasury (“Phased Program Development,” together with the
14 Loan Programs, the “Navajo SSBCI Program”).
- 15 J. The Naabik’iyáti’ Committee of the Navajo Nation Council has considered the Loan
16 Program and the Phased Program Development and determined that it is in the best
17 interest of the Navajo Nation to participate in the State Small Business Credit Initiative
18 through the Navajo SSBCI Program, which will encourage and enhance economic
19 development within the Navajo Nation.

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21 **Section Three. Findings**

- 22 A. The Naabik’iyáti’ Committee hereby designates the DED as the Implementing Entity and
23 Technical Assistance Authorized Official for purposes of the SSBCI application, and approves and
24 authorizes the DED to submit a capital application and a technical assistance application to the
25 United States Department of Treasury to receive SSBCI funding to implement the programs
26 outlined in **Exhibit A**, and further approves and authorizes the DED to amend the applications as
27 necessary and appropriate for Phased Program Development.
- 28 B. The Naabik’iyáti’ Committee hereby designates the DED to accept the SSBCI allocation
29 and technical assistance funds on behalf of the Navajo Nation, to implement the Navajo
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SSBCI Program, and affirms DED has the legal authority to enter into an Allocation Agreement with Treasury.

C. The Naabik'iyáti' Committee hereby authorizes and directs the DED to take any and all actions as necessary and appropriate to implement the Navajo SSBCI Program, including a technical assistance program, in a manner consistent with the federal SSBCI Program requirements.