

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: 0245-26

SPONSOR: Dr. Andy Nez

**TITLE: An Action Relating to an Emergency for the Navajo Nation Council;
Approving a Moratorium Until the End of the Fiscal Year 2027 Second Quarter on
Capital Project Appropriations and Allocations from the Unreserved, Undesignated
Fund Balance ("UUFb"), the Síhasin Fund, and Permanent Fund Income**

Date posted: October 19, 2026 at 6:33 PM

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0245-26

DATE: October 19, 2026

TITLE OF RESOLUTION: AN ACTION RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; APPROVING A MORATORIUM UNTIL THE END OF THE FISCAL YEAR 2027 SECOND QUARTER ON CAPITAL PROJECT APPROPRIATIONS AND ALLOCATIONS FROM THE UNRESERVED, UNDESIGNATED FUND BALANCE ("UUF"), THE SIHASIN FUND, AND PERMANENT FUND INCOME

PURPOSE: This legislation, if approved, would establish a moratorium on capital project appropriations and allocations from the Unreserved, Undesignated Fund Balance ("UUF"), the Sihasin Fund, and Permanent Fund Income through the end of the second quarter of Fiscal Year 2027.

FINAL AUTHORITY: Navajo Nation Council

VOTE REQUIRED: 2/3 Majority Vote

This written summary does not address amendments as may be proposed before the Navajo Nation Council.
The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

PROPOSED NAVAJO NATION COUNCIL RESOLUTION

25th NAVAJO NATION COUNCIL—Fourth Year, 2026

Introduced By:



Primary Sponsor

Tracking No. 0245-26

AN ACTION

**RELATING TO AN EMERGENCY FOR THE NAVAJO NATION
COUNCIL; APPROVING A MORATORIUM UNTIL THE END OF THE
FISCAL YEAR 2027 SECOND QUARTER ON CAPITAL PROJECT
APPROPRIATIONS AND ALLOCATIONS FROM THE UNRESERVED,
UNDESIGNATED FUND BALANCE (“UUFb”), THE SIHASIN FUND,
AND PERMANENT FUND INCOME**

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Navajo Nation Council is the governing body of the Navajo Nation, all powers not delegated are reserved to the Navajo Nation Council, and the Navajo Nation Council may consider legislation regarding an emergency matter. 2 N.N.C. §§ 102(A), 102(B), and 164(A)(16).
- B. “Matters constituting an emergency shall be limited to the cessation of law enforcement services, disaster relief services, fire protection services or other direct services required as an entitlement under the Navajo Nation or Federal law, or which directly threaten the sovereignty of the Navajo Nation. Such an emergency matter must arise due to the pressing public need for such resolution(s) and must be a matter requiring final action by the Council.” 2 N.N.C. § 164(A)(16).

1 C. The Navajo Nation Council has the authority to review and approve all funding
2 allocations from the Unreserved, Undesignated Fund Balance (“UUFb”) of the
3 Navajo Nation General Fund, the Sihasin Fund, and Permanent Fund Income, and
4 that authority inherently includes the power to freeze funding allocations from each
5 of these Navajo Nation funds. 12 N.N.C. §§ 820(L), 905, and 2505(A).
6

7 **SECTION TWO. FINDINGS**

8 A. The Budget and Finance Committee is a standing committee of the Navajo Nation
9 Council that exercises oversight over the budget, finances, and financial reserves of
10 the Navajo Nation and is authorized to review and recommend to the Navajo Nation
11 Council the budgeting, appropriation, investment, and management of all funds. 2
12 N.N.C. §§ 300(C) and 301(B)(2).

13 B. Since the start of the COVID-19 pandemic, the Navajo Nation has received a
14 substantial amount of federal funds from various sources, such as the American
15 Rescue Plan Act Fiscal Recovery Fund (“ARPA-FRF”) and the Coronavirus Aid,
16 Relief, and Economic Security Act (“CARES Act”). Unlike the UUFb, the Sihasin
17 Fund, and Permanent Fund Income, these federal funds have expenditure deadlines
18 that require the Navajo Nation to return, revert, or pay back any unspent funds
19 regardless of project completion.

20 C. With the goal of spending all federal funds received by the applicable reversion
21 deadlines, including December 31, 2026, for ARPA-FRF funds, a significant number
22 of Navajo Nation employees and administrative resources must prioritize the
23 implementation of the funded projects and expenditures. As a general rule, Navajo
24 Nation personnel involved with these projects and expenditures should remain
25 focused on implementing and completing the federally funded projects rather than
26 new projects funded with Navajo Nation funds that will not revert to the federal
27 government.

28 D. In an effort to leverage its internal funds, the Navajo Nation adopted Resolution No.
29 CJA-05-26, attached as **Exhibit A** (without exhibits), enacting the Capital
30 Development Financing Act, whose main purposes are to develop a Nation-wide

1 database of all capital projects in need of funding and to use that database to secure
2 external financing for the completion of eligible projects instead of relying on
3 internal funding sources such as the UUFB, the Sihasin Fund, and Permanent Fund
4 Income.

5 E. As used in this Action, the term “capital project(s)” shall have the same definition
6 and meaning as “Capital Projects” in the Capital Development Financing Act at 12
7 N.N.C. § 3204(B). **Exhibit A**, page 11.

8 F. The 25th Navajo Nation Council recognizes, and does not care to repeat, the
9 historical practice of a departing Council and Executive Branch administration
10 making a last-minute splurge of appropriations that leaves the incoming Council and
11 Executive Branch administration to address rushed projects and hurried expenditure
12 plans on top of depleted funding sources. The 25th Navajo Nation Council does not
13 want new appropriations and allocations of Navajo Nation funds to be used by the
14 Council or the Executive Branch administration as election leverage.

15 G. To keep appropriations and allocations from being used as election leverage, to focus
16 on spending federal funds and completing federally funded projects before the
17 applicable reversion dates, and to take advantage of external financing opportunities,
18 the Navajo Nation should pause the approval of capital project funding requests from
19 the UUFB, the Sihasin Fund, and Permanent Fund Income. The Navajo Nation has
20 therefore determined that placing a temporary moratorium on additional funding
21 allocations and appropriations for capital projects from these funds is in the best
22 interest of the Navajo Nation.

23 H. Legislation No. 0191-26, which proposes the same moratorium approved in this
24 Action, was introduced on August 20, 2026, completed its five (5) day public
25 comment period on August 25, 2026, without receiving any comments, and was
26 assigned to the Budget and Finance Committee, the Naabik’íyáti’ Committee, and
27 the Navajo Nation Council. As of the date of this Action, Legislation No. 0191-26
28 has not been considered by the Budget and Finance Committee.

29 I. The Navajo Nation general election will be held in November 2026, and the Navajo
30 Nation will undergo a complete administrative transition in January 2027, when a

1 newly elected President, Vice President, and Navajo Nation Council take office. The
2 last day for consideration of resolutions by the 25th Navajo Nation Council is
3 December 31, 2026, and the next regular session of the Navajo Nation Council does
4 not begin until January 25, 2027. 2 N.N.C. §§ 162(A) and 164(A)(1).

5 J. The UUFB, the Sihasin Fund, and Permanent Fund Income are funds generated and
6 held by the Navajo Nation itself. When an emergency arises, these funds are what
7 the Navajo Nation can draw on to sustain law enforcement services, fire protection
8 services, disaster relief services, and other direct services required as an entitlement
9 under Navajo Nation law, particularly when federal assistance is delayed,
10 unavailable, or conditioned on a Navajo Nation match.

11 K. The ability of the Navajo Nation to fund its essential governmental services from its
12 own resources, without depending on an outside government, is fundamental to the
13 exercise of its sovereignty and right of self-government. Depleting some, if not all,
14 of these funds through capital project appropriations during the final months of the
15 25th Navajo Nation Council would leave the incoming Council and Executive
16 Branch administration without the resources to respond to emergencies at the very
17 moment the government is in transition and no alternative funding source is available
18 to meet immediate needs. Capital project funds, once obligated, cannot readily be
19 recaptured for those purposes.

20 L. This matter satisfies the requirements for emergency legislation. Capital project
21 appropriations from the UUFB, the Sihasin Fund, and Permanent Fund Income may
22 come before the Navajo Nation Council at the 2026 Fall Session or any special
23 session held before December 31, 2026, and a moratorium enacted after that period
24 would serve no purpose. Preserving these funds through the transition protects the
25 ability of the Navajo Nation to maintain law enforcement, fire protection, disaster
26 relief, and other direct services without interruption, and depleting them would
27 directly threaten the sovereignty of the Navajo Nation. Only the Navajo Nation
28 Council can restrict appropriations and allocations from these funds. This matter
29 arises from a pressing public need and requires final action by the Navajo Nation
30 Council. 2 N.N.C. § 164(A)(16).

1 **SECTION THREE. APPROVAL OF MORATORIUMS**

2 A. UUFB moratorium. The Navajo Nation Council hereby establishes a moratorium
3 until the end of the Fiscal Year 2027 Second Quarter (March 31, 2027) on
4 appropriations or allocations for capital projects from the Unreserved, Undesignated
5 Fund Balance of the Navajo Nation General Fund described in 12 N.N.C. § 820.

6 B. Sihasin Fund moratorium. The Navajo Nation Council hereby establishes a
7 moratorium until March 31, 2027, on funding allocations or appropriations for
8 capital projects from the Sihasin Fund created under 12 N.N.C. §§ 2501 through
9 2508. This moratorium shall not apply to the following:

- 10 1. Sihasin Fund investments pursuant to 12 N.N.C. § 2503;
11 2. payment of litigation costs, if any, and the deposits provided for in 12 N.N.C. §
12 2505; and
13 3. payment of Sihasin Fund expenses, as required by 12 N.N.C. § 2507.

14 C. Permanent Fund Income moratorium. The Navajo Nation Council hereby establishes
15 a moratorium until March 31, 2027, on funding allocations or appropriations for
16 capital projects from Navajo Nation Permanent Fund Income created under 12
17 N.N.C. §§ 901 through 909. This moratorium shall not apply to the following:

- 18 1. Permanent Fund investments pursuant to 12 N.N.C. § 902;
19 2. Permanent Fund reinvestments pursuant to 12 N.N.C. § 905;
20 3. payment of Permanent Fund expenses, as required by 12 N.N.C. § 908; and
21 4. appropriations from Permanent Fund Income approved by the Navajo Nation
22 Council and included in a Permanent Fund Income 5-Year Plan for 2027 through
23 2031.

24 D. Notwithstanding Subsections A, B, and C above, the moratoriums shall not apply to
25 the following:

- 26 1. any extension of a funding reversion deadline for UUFB, Sihasin Fund, or
27 Permanent Fund Income monies approved by the Navajo Nation Council;
28 2. any reallocation or budget transfer of UUFB, Sihasin Fund, or Permanent Fund
29 Income monies for purposes different from the purpose for which such monies
30 were originally approved by the Navajo Nation Council;

3. approval of a new or revised expenditure plan for UUFB, Sihasin Fund, or Permanent Fund Income monies already approved by the Navajo Nation Council, so long as the new or revised expenditure plan does not increase funds above the dollar amount originally approved by the Navajo Nation Council for that plan;
4. appropriation of match or contribution funding required by external funding agreements; and
5. transfer of legislatively approved capital projects from an external funding source to the UUFB, the Sihasin Fund, or Permanent Fund Income to avoid the reversion of external funding.

E. The moratoriums approved in this Action shall not apply to any UUFB, Sihasin Fund, or Permanent Fund Income appropriations approved by the Navajo Nation Council in the Navajo Nation Fiscal Year 2027 Comprehensive Budget, as defined in 12 N.N.C. § 810(H).

F. The moratoriums established in this Action are not intended to prevent or delay the deposit of any Navajo Nation revenue, regardless of source, into the UUFB (General Fund), the Sihasin Fund, or the Permanent Fund if such deposits are mandated by Navajo Nation laws, regulations, or policies.

G. Each moratorium established in this Action shall continue in full force and effect until the end of the Fiscal Year 2027 Second Quarter (March 31, 2027), or until the Navajo Nation Council lifts one or more of the moratoriums, in whole or in part, through a resolution adopted by a two-thirds (2/3) vote of the Navajo Nation Council and signed into law pursuant to 2 N.N.C. § 221(B).

SECTION FOUR. EFFECTIVE DATE

This Action shall become effective in accordance with 2 N.N.C. § 221(B).

SECTION FIVE. SAVING CLAUSE

If any provision of this Action is determined invalid by the Supreme Court of the Navajo Nation, or by a Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the remainder of this Action shall be the law of the Navajo Nation.