THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION

LEGISLATION NO: _0254-26__ **SPONSOR: Eugenia Charles-Newton**

TITLE: **An Action Relating to an Emergency for the Navajo Nation Council; Establishing the Navajo Nation State of Emergency Response Fund as a Committed Fund Balance Within the General Fund; Approving a Supplemental Appropriation of $20,000,000 from the Unreserved, Undesignated Fund Balance; Waiving 12 N.N.C. § 820 (N) (4) and Certain Sections of the Fiscal Year 2027 Budget Instructions Manual**

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LEGISLATIVE SUMMARY SHEET
Tracking No. 0254-26

DATE: October 28, 2026

TITLE OF RESOLUTION: AN ACTION RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; ESTABLISHING THE NAVAJO NATION STATE OF EMERGENCY RESPONSE FUND AS A COMMITTED FUND BALANCE WITHIN THE GENERAL FUND; APPROVING A SUPPLEMENTAL APPROPRIATION OF $20,000,000 FROM THE UNRESERVED, UNDESIGNATED FUND BALANCE; WAIVING 12 N.N.C. § 820(N)(4) AND CERTAIN SECTIONS OF THE FISCAL YEAR 2027 BUDGET INSTRUCTIONS MANUAL

PURPOSE: This legislation, if approved, would establish the Navajo Nation State of Emergency Response Fund as a committed fund balance within the General Fund and approve a supplemental appropriation of $20,000,000 from the Unreserved, Undesignated Fund Balance to support the Navajo Nation's response to the declared state of emergency.

FINAL AUTHORITY: Navajo Nation Council

VOTE REQUIRED: 7/8 Vote Full Council

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. 0254-26

AN ACTION

RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; ESTABLISHING THE NAVAJO NATION STATE OF EMERGENCY RESPONSE FUND AS A COMMITTED FUND BALANCE WITHIN THE GENERAL FUND; APPROVING A SUPPLEMENTAL APPROPRIATION OF $20,000,000 FROM THE UNRESERVED, UNDESIGNATED FUND BALANCE; WAIVING 12 N.N.C. § 820(N)(4) AND CERTAIN SECTIONS OF THE FISCAL YEAR 2027 BUDGET INSTRUCTIONS MANUAL

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).

C. The Navajo Nation Council may adopt and approve supplemental appropriations to the Annual Comprehensive Budget during the fiscal year. Supplemental appropriations of General Funds within the current fiscal year are permitted when additional revenues above the initial or current revenue projections are projected in excess of the reserve amount required by 12 N.N.C. § 820(J), or when the Unreserved, Undesignated Fund Balance ("UUFB") is in excess of that reserve amount. 12 N.N.C. § 820(L).

D. UUFB funds shall be used only for nonrecurring expenditures and not for recurring government operations, each UUFB funding request must be reviewed by the Controller and the Office of Management and Budget, and UUFB funds appropriated in a supplemental appropriation that are not expended or encumbered by the end of the fiscal year lapse and revert to their original source. No part of 12 N.N.C. § 820(N) may be amended or waived except by a seven-eighths (7/8) approval vote among all Council Delegates. 12 N.N.C. § 820(F), (J), (L), (M), (N)(1)(b), and (N)(4).

E. Requests for supplemental appropriations must also follow the procedures in Section 13 of the Fiscal Year 2027 Budget Instructions Manual ("FY2027 BIM"), which the Budget and Finance Committee approved through Resolution No. BFAP-09-26. 12 N.N.C. §§ 820(M) and 830(H).

SECTION TWO. FINDINGS

A. The Law and Order Committee exercises legislative oversight over emergency management and serves as the oversight committee for the Division of Public Safety, which includes the Navajo Department of Emergency Management. 2 N.N.C. §§ 600(C) and 601(C)(1).

B. The Budget and Finance Committee exercises oversight over the budget, finances, and financial reserves of the Navajo Nation, reviews and recommends to the Navajo Nation Council the budgeting, appropriation, and management of all funds. 2 N.N.C. §§ 300(C) and 301(B)(2).

C. The Navajo Nation Commission on Emergency Management ("Commission"), in conjunction with the Navajo Department of Emergency Management, coordinates emergency and disaster relief services and, with the concurrence of the President of the Navajo Nation, declares states of emergency affecting the Navajo Nation. The Commission may establish policies, procedures, and guidelines for the use of funds in any declared emergency. 2 N.N.C. §§ 883(A), 884(B)(1), and 884(B)(9).

D. On July 24, 2026, the Commission, with the concurrence of the President, declared a Navajo Nation-wide state of emergency due to severe monsoon storms, flash flooding, and road infrastructure damage, and it amended that declaration on September 17, 2026. Resolution No. CEM 26-004. Severe storms beginning on or about October 22, 2026, then caused widespread flooding across the Navajo Nation. Emergency personnel rescued thirty (30) people from seven (7) families in Dennehotso, floodwaters entered homes in Rock Point and other communities, and roads, culverts, and bridges washed out.

E. The Navajo Nation does not maintain a standing fund for emergency response to natural disasters. Divisions whose approved plans of operation or annual budgets include emergency response responsibilities are not fully funded to respond to unforeseen natural disasters. Additional funding for natural disaster response has depended on appropriations made after each emergency which hinders immediate response capabilities. Federal disaster assistance, when it is available, comes months later and reimburses only eligible costs after they have been paid by the Nation.

F. The goal and purpose of this Action is to create a committed fund that Divisions with emergency response responsibilities can draw on as soon as a State of Emergency is declared which will allow the Navajo Nation to respond immediately to the emergency without waiting for new appropriation(s) to be approved and processed.

G. Under Section 2(11) of the FY2027 BIM, a Committed Fund Balance consists of funds allocated by the Navajo Nation Council for a specific purpose, are not to be used for operating budgets, and do not lapse unless the legislation appropriating them so provides. Because UUFB funds not expended or encumbered by the end of the fiscal year lapse under 12 N.N.C. § 820(N)(1), the Fund can hold monies from year

to year only if the Navajo Nation Council waives that provision as to the Fund by a seven-eighths (7/8) vote under 12 N.N.C. § 820(N)(4).

H. The appropriation approved in this Action is nonrecurring, is not an addition to any operating budget, and is not an appropriation for recurring government operations.

I. As required by 12 N.N.C. § 820(L) and (M) and Sections 13(A)(1) and 13(A)(3) of the FY2027 BIM, the budget forms and Appendix J, Supplemental Funding Proposal Summary, are attached as **Exhibit A**; the Office of the Controller's memorandum designating the proposed expenditures as nonrecurring is attached as **Exhibit B**; and the Office of Management and Budget's budget impact analysis is attached as **Exhibit C**.

J. This matter satisfies the requirements for emergency legislation as set forth in 2 N.N.C. § 164(A)(16). The Navajo Nation is responding to severe flooding now, additional storms are forecast, and the winter season is approaching, and the Divisions responding need funds that are available immediately to prevent further loss of life, family displacement, and property damage. This matter arises from a pressing public need to expedite and continue disaster relief services without further delay or interruption.

SECTION THREE. NAVAJO NATION STATE OF EMERGENCY RESPONSE FUND

A. The Navajo Nation hereby establishes the Navajo Nation State of Emergency Response Fund ("Fund") as a Committed Fund Balance within the Navajo Nation General Fund and the Fund shall operate under its own business unit.

B. The Fund shall only be used by Navajo Nation central government Divisions to respond to a declared State of Emergency as provided herein, shall not be used for operating budgets and expenses, and shall not lapse or revert to the General Fund at the end of any fiscal year. Chapters shall use their own emergency response funds and shall not be eligible for direct use of the Fund.

C. While a State of Emergency declared by the Commission with the concurrence of the President pursuant to 2 N.N.C. § 884(B)(1) is in effect, any Division of the

Navajo Nation whose approved plan of operation or annual budget includes emergency response responsibilities related to the declared State of Emergency may request use of the Fund through the Navajo Department of Emergency Management. Such requests shall indicate the specific State of Emergency for which funds are needed, the amount of funding needed, the emergency response activities to be provided, and the time period for encumbrance and expenditure.

D. The Commission shall approve or deny each request by resolution, and its approval is the only approval required for use of the Fund. Within one (1) business day after a request is approved by the Commission, the Office of the Controller shall make the approved amount available in the Fund's business unit, and the Division shall charge its approved expenditures directly to that business unit. No monies shall be transferred from the Fund to the Division's own business unit.

E. Expenditures charged to the Fund shall be used only for the Division's emergency response to the declared emergency and only for costs incurred while the declaration is in effect. Monies from the Fund shall not be used for regular salaries or the attendant fringe benefits, administrative or indirect costs, acquisition of capital assets or projects, or any cost already paid by insurance or other assistance. The use of the Fund for costs to repair capital assets and capital projects shall only be allowed when approved by the Commission on a case-by-case basis.

F. Procurements paid from the Fund shall comply with the Navajo Nation Procurement Act and the Procurement Regulations and, where federal reimbursement may be sought, with 2 C.F.R. Part 200. The Fund is the only fund that may be used during a declared State of Emergency to pay for a Non-Competitive Procurement made under 12 N.N.C. § 345(A)(4); and each such Non-Competitive Procurement shall be limited to what is immediately necessary.

G. Within thirty (30) days after the declaration ends, each division shall report its expenditures to the Navajo Department of Emergency Management and the Office of the Controller, and any approved amount not expended or encumbered within the encumbrance and expenditure deadlines established by the Commission shall be available for other requests from the Fund. Each Division shall maintain the

documentation needed for federal and other reimbursement, and every federal or other reimbursement, including insurance proceeds, of costs paid from the Fund shall be deposited into the Fund.

H. Within thirty (30) days after the end of each fiscal quarter, the Navajo Department of Emergency Management and the Office of the Controller shall report to the Budget and Finance Committee and the Law and Order Committee the balance of the Fund, each request approved, the amounts expended by each division, and the reimbursements received.

I. Monies in the Fund may be redirected, reduced, or rescinded only by resolution of the Navajo Nation Council, subject to 2 N.N.C. § 1005 (C)(10)-(12).

SECTION FOUR. APPROPRIATION TO THE FUND

A. The Navajo Nation Council hereby approves a nonrecurring supplemental appropriation of twenty million dollars ($20,000,000) from the UUFB to the Fund, as set forth in **Exhibit A.**

B. The supplemental appropriation approved herein shall be from those funds that exceed the minimum fund reserve balance of the UUFB required by 12 N.N.C. § 820(J).

C. The funds appropriated herein shall only be used as set forth in Section Three above and to respond to a declared State of Emergency stemming from a natural disaster

SECTION FIVE. SUSTAINED FUNDING

A. The Navajo Nation Council may make appropriations into the Fund from time to time.

B. All reimbursements for expenditures from the Fund shall be deposited in the Fund, regardless of whether the reimbursements are federal, state, or private, including any insurance reimbursements.

C. To ensure that the Fund is sufficiently funded to respond to future State of Emergency situations, the balance of the Fund at the start of each Navajo Nation fiscal year shall be no less than twenty million dollars ($20,000,000) and the Nation

shall set-aside the funds necessary to maintain that balance during the Comprehensive Budget process.

SECTION SIX. WAIVERS

A. Pursuant to 12 N.N.C. § 820(N)(4), the Navajo Nation Council, by a seven-eighths (7/8) approval vote among all Council Delegates, waives 12 N.N.C. § 820(N)(1) only as to monies in the Fund, including the $20,000,000 appropriated in Section Four, so that those monies do not lapse or revert at the end of Fiscal Year 2027 or any later fiscal year.

B. The Navajo Nation Council waives Section 13(A)(4)(a) of the FY2027 BIM, which requires the budget for a supplemental appropriation to be prorated so that the funding covers only the remaining portion of the current fiscal year, only as to the $20,000,000 appropriated herein.

C. The Navajo Nation Council waives Sections 12(C)(2)-(C)(4) of the FY2027 BIM, which require Oversight Committee approval of budget reallocations, of budget modifications of $500,000 or more, and of the budgeting of reimbursements, and which direct that a reimbursement to a General Fund business unit go back into the General Fund; and Section 12(D)(11)(b), which bars the transfer of General Funds from the 8020 series of object codes without Oversight Committee approval, only as to the budgeting of amounts approved under Section Three above to object codes within the Fund's business unit, the return of amounts not needed to the Fund's reserve, and the deposit of reimbursements into the Fund. The review and concurrence of the Office of the Controller required by those Sections are not waived.

D. The Navajo Nation Council waives Section 13(C) of the FY2027 BIM only to the extent it requires the supplemental appropriation request approved herein Section Four to be reviewed by the appropriate Oversight Committee, the Budget and Finance Committee, and the Naabik'íyáti' Committee before consideration by the Navajo Nation Council.

SECTION SEVEN. DIRECTIVES

A. Within two (2) business days after the effective date of this Action:
   1. The Office of the Controller shall establish the business unit for the Fund
   2. The Office of the Controller shall transfer the $20,000,000 appropriated herein to the Fund; and
   3. The Department of Emergency Management shall publish a form or instructions for Divisions to utilize when requesting authorization from the Commission for use of the Fund.

B. Divisions authorized to utilize the Fund shall maintain all records and documentation necessary to support federal or other reimbursement of emergency response costs. Within five (5) business days after the effective date of this Action, the Department of Emergency Management and Office of the Controller shall publish guidance on what records and documents are required for federal and other reimbursement.

SECTION EIGHT. SAVING CLAUSE

Should any provision of this Action be determined invalid by the Supreme Court of the Navajo Nation, or by any District Court of the Navajo Nation without appeal to the Supreme Court of the Navajo Nation, those portions of this Act which are not determined invalid shall remain the law of the Navajo Nation.

SECTION NINE. EFFECTIVE DATE

This Action shall become effective in accordance with 2 N.N.C. §§ 164(A)(17) and 221(B).