

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/06

SPONSOR Begaye LAST UPDATED _____ HB HJM 2

SHORT TITLE NAVAJO NATION CAPITAL IMPROVEMENTS FUND SB _____

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Indian Affairs Department (IAD)

SUMMARY

House Joint Memorial 2 requests that the Navajo Nation establish and fund a revolving loan fund for chapter capital improvements, the disbursements from which will be reimbursed by capital outlay appropriations from the State of New Mexico when such appropriations have been approved by the state.

SIGNIFICANT ISSUES

The Indian Affairs Department notes:

The interim Indian Affairs Committee heard testimony during the 2005 interim that members of the Navajo Nation living in remote areas may not have access to some of the basic necessities of life, such as electricity and running water. Each year, the state appropriates to chapters hundreds of thousands of dollars for capital improvements and extensions of infrastructure. There are 53 Navajo Nation chapters in the New Mexico portion of the Navajo Nation. These chapters do not have the ability to pay up front costs of significant funding from the state and as a result funds revert back and projects are cancelled.

Presently, capital outlay appropriation process works on a reimbursement basis. According to Casey Begay, Capital Improvement Office for the Navajo Nation, there is a Navajo Nation General Funds account that is used for payment of capital outlay projects for chapters, which is then replenished upon receipt of the reimbursement from the funding source. These account(s) are set up based on assurance of funding through JPAs, FAA's, Letters of Commitment, Letters of Assurance, etc., from outside resources. (Statement of Casey Begay, Jan. 24, 2006). However, this statement reflects that the Navajo Nation may not have a revolving "Loan" fund for chapters to access.

Navajo legislation for a revolving "loan" fund would have to be introduced in the Navajo Nation Legislative process by one of 88 Council Delegates. It would be reviewed by the appropriate standing committees in accordance with Tribal laws and procedures. The Navajo Nation President has veto powers and the Council has override powers for tribal legislation.

Ultimately, the decision to establish such a fund would be up to the Navajo Nation and its Tribal Council.

A Department of Energy study on the Navajo Nation revealed that close to 40 percent of homes were without electricity (18,000 homes) – many of these in NM. Further, Indian tribes rely primarily on federal funding for a majority of the infrastructure development. However, federal funding for essential sanitation facilities, such as safe drinking water and adequate sewage systems has been diminishing. In fact, the Indian Health Service, the primary provider of these services, has a backlog of 275,000 Indian homes nationally and would require approximately \$1.9 billion to serve existing homes in 10 years. Many of these homes are located in tribal communities throughout New Mexico. With inflation, new environmental requirements and population growth in Indian communities, the current federal appropriations for infrastructure cannot address the immediate infrastructure needs of tribal communities.

MW/mt