

**Prepared Statement of Vice President Karena Thundercloud
Ho-Chunk Nation
Committee on Economic Disparity and Fairness in Growth
Roundtable on Economic Empowerment for Native Communities: Harnessing Innovation
and Self-Governance to Unlock Economic Potential
April 7, 2022**

We appreciate your invitation for the Ho-Chunk Nation (the “Nation” or “HCN”) to participate in the Committee on Economic Disparity and Fairness in Growth’s Roundtable titled, “Economic Empowerment for Native Communities: Harnessing Innovation and Self-Governance to Unlock Economic Potential.”

The Nation has approximately 14,874 acres of tribal land located in several counties in Wisconsin. The Nation has 7,748 tribal members, and approximately 2,000 employees. Within the tribal government, tribal members compose over 50% of the workforce; within the business department, non-tribal members comprise 68% of the workforce. In Sauk and Jackson counties, the Nation is the largest employer. With Jackson County ranking 46th out of 72 counties for per capita income, there is room for growth to increase the per capita income of \$46,296. Most of the surrounding Ho-Chunk tribal areas are remote and rank similarly in per capita income. Some surrounding counties, such as Dane and Milwaukee counties rank significantly higher in per capita income, however, which makes those counties more desirable for developers or outside investors.

A key component of economic growth is diversity in the economy. During the COVID pandemic, the Nation was unable to operate its gaming facilities from March 2022 to May 2022, a disruption that resulted in a stagnant local workforce and a reduction in government programs and services. Nearly 53% of the Nation’s tribal member workforce were laid off and an estimated 82% of the non-Nation workforce were laid off during the closure period. While the Nation was able to hire back the majority of its former employees once the gaming facilities reopened, the Nation is now more aware than ever on the need to diversify its economy. While we have begun to explore opportunities, we have encountered some barriers.

Today, we would like to discuss some of these barriers, including creating opportunities for commercial, retail and entrepreneurs; exploring challenges to creating a more stable workforce; and creating sustainable human capital.

Incentives for Investors, Developers, and Commercial Entities.

The Nation seeks to encourage business development that benefits our tribal members and local residents.

The first step the Nation has taken is developing a HEARTH Act ordinance under the *Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act* (25 U.S.C. Sec. 415). The HEARTH Act allows tribes to promulgate regulations for surface leases to third party lessees that, once approved by the Secretary of the Interior, will not require leases entered into with third parties under the approved tribal leasing code, to be approved by the Secretary. The

ability of the Nation to approve those leases has allowed the Nation to control our leasing operations and act on economic opportunities much faster.

It is a challenge to create an attractive business destination for investors, developers, and commercial entities because these entities are interested in regulatory certainty and making a return on their investment. There are several such barriers that the Nation has encountered.

First, there is lingering uncertainty if an act of Congress is needed when an Indian tribe alienates or otherwise encumbers tribally owned fee-simple land to non-Indians. This uncertainty usually presents itself when an Indian tribe is financing a project without an outside investor and fee land is provided as security. The Nation would like to promote self-governance by having Congress clarify that the *Nonintercourse Act* (25 U.S.C. § 177) does not apply to these scenarios regardless of whether the land is on or off reservation.

Another barrier is the lack of predictable tax credit incentives, such as Accelerated Depreciation for Business Property on Indian reservations, which allows special depreciation rules for non-Indian property used predominantly within an Indian reservation to be used as a credit for taxable income. The Accelerated Depreciation for Business Property on Indian Reservations expired in December 2021.

Furthermore, the lack of parity to state and local governments for Indian tribal governments in federal authority to issue tax-exempt bonds for private activities and economic development is a barrier to business development. The annual allocation of the tax-exempt bond volume caps on tribal economic development bonds is \$2 million. Currently, the federal tax code allows state and local governments to use tax-exempt bonds to finance certain projects that are considered private activities, however, Indian tribal governments are subject to criteria that makes tax-exempt bonds only available for essential government functions. The essential government function test needs to be repealed.

In addition, the Nation needs technical assistance in economic development strategic planning and welcomes any economic development grants, such as those provided by the Department of Commerce's Economic Development Administration and the BIA's Office of Indian Economic Development opportunities. The Indian Loan Guarantee and Insurance Program at the Department of the Interior also has a proven track record of assisting tribes in economic development projects.

Lastly, the Nation supports more education for both Native and non-Native owned businesses and developers to learn more about doing business in Indian country. For example, much of the Nation's tribal land is in the state of Wisconsin, which is a Public Law 280 state. This means the Nation exercises regulatory authority and limited criminal jurisdiction and the state of Wisconsin exercises general criminal jurisdiction. Providing educational opportunities about these jurisdictional issues would encourage outside investors to be more comfortable doing business in Indian country.

Challenges in Workforce Development.

Economic diversification is essential for the Nation to thrive, create jobs, and continue to be a leading employer in the community. To retain employees, employers must provide a stable and attractive work environment. With many employees, the Nation seeks to provide the necessary tools and training to do their job effectively in order to retain employees.

The Nation has identified a lack of childcare, transportation, disability accommodations, and access to education and training as the main barriers to workforce development. In these areas, the Nation does compete for federal dollars but being successfully granted an award has proven to be challenging largely because so many of the grant opportunities favor the most populous areas. Thus, if the Nation was successful still only about 25-40% of the Ho-Chunk population would have access to the programs. Many Indian tribes have these same needs and the Nation encourages this Select Committee to keep these needs in mind as it develops recommendation for its report.

Creating Sustainable Human Capital.

The Nation believes that promoting our own self-determination to create an economically sustainable community means creating sustainable human capital. The Nation is interested in using its sovereign authority to explore individual income tax credits to create prosperity for tribal members, such as creating a multiple employment tax credit. The Nation, like many local communities, provides a Down Payment Assistance Program to tribal members seeking to purchase a home.

Thank you for the opportunity to discuss these important topics today and I look forward to the discussion.