

Nation Building for Native Nations:
NNI EdVenture Curriculum

Joan Timeche

“Entrepreneurship and Doing Business on Indian Lands: Part I”

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I am here to talk about entrepreneurship and doing business on American Indian lands. First of all my name is Joan Timeche and I'm a member of the Hopi tribe. I am the assistant director and have been there for almost six years now, about five and a half years. I used to work before coming to the university; I used to work at Northern Arizona University. And I ran a program called the Center for American Indian Economic Development and in that program I worked just with the tribes in Arizona. Either their governments or their departments that were interested in business development or either their citizens who were wanting to start a business on the reservation. And one of the things that came out of all of that was, all of this uncertainty about, what is the process to start a business on the reservation?

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So, what I'm going to talk about is this topic here. And as you know, as you've been hearing throughout the class we have lots of options on how we want to start our business. Some of them look at it on the tribally owned and then it becomes tribal enterprises. But we definitely know that there's another potential source of jobs and revenue that we should be thinking about. And those are jobs that we start ourselves that we own and operate on the reservation. The importance of small businesses. Does anyone here have family members that own and operate a business? What does your family do? A construction business, that's fantastic. A trucking business, like semi-trailers? What reservations are these on? Navajo. Do any of your family do crafts, like jewelry, rugs, beadwork? Those are all forms of individual entrepreneurs. Those are what we call micro-enterprises. We'll get to them in a little bit. Small businesses, the kinds that are in what I call, store fronts, where they have a building. Much like a construction company, even though it might operate out of the home, like a trucking business, it does have a business that's ongoing out there.

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In general, in the United States, they produce over half of all new jobs that are generated within the United States. Think about that, what that could do in our reservation communities. And they thicken that economy, what they do is they keep the money on that reservation. In Arizona, there was a study that was done in the early 1990's that looked at the economic impact of the dollar that's being earned by Native Americans. That study showed that eighty cents of every one-dollar was going off the reservation. Because what do we do, we get our paychecks, buy a little gas to get into town and we run into the nearest town, buy all our groceries, buy all our clothing, go to the movies, get our car washed, get our cars repaired, all of that goes off reservation. That's what we mean by thickening that economy. What we want to do is to get the dollar revolving over and over again within our communities. They form that potential tax base, because that's what funds governments any place else. Cities, counties, state governments, federal

government are all operated off of tax revenues. And this is a growing trend within the tribes within the United States. They're beginning to start to adopt taxes and for a long time they wouldn't even touch it because tax was a dirty word out there. They are often better at meeting the needs of the local communities because they could respond much faster, they could stay open later, if you have a reservation store that's owned by the tribe and if your following tribal policies where people work from Monday to Friday eight to five, it doesn't help you if the store is closed at five o'clock, then you can't get anything from them. So, if you're operated by a small business, you have a much better chance of being able to address the needs of a community. And the good thing about it is, it's no longer just the tribal governments job to create those business, the jobs, and the revenue, anyone can participate in this. Individual citizens like yourself.

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And these are just some stats and they're old data, but they give you some sense. The U.S. census updates this every five years at the latest. Basically, in 1992, not even 100th of a percent of all the business in the United States were owned by American Indians. This is nothing. By 1997, it increased to about 0.9%. They were employing about 300,000 people across the United States and generating about 34 billion dollars in revenue. And these are significant increases. In Arizona, when you think about the land base that we own, it's 28% of all of the land in Arizona and we constitute at just a little under 6% of the states 1997 population. We only had 1.7% of the businesses that were owned by Native Americans in the state of Arizona. It doesn't even match, it's not even equivalent to the 6% population base that we have, no where near it. We're improving, but it's still pretty dismal.

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These figures, because they're getting reported to the U. S. census, which means you got to file income tax, you got to answer their business survey, doesn't include what we call this underground and invisible cash economy. These are all of those artisans that probably many of you guys have in your families or anybody who goes out and chops wood and then sells it to someone else. Anyone who's selling food, all those breakfast burritos, all those donuts that are being sold at the tribal complexes, those are all what we call, it doesn't even include the bootleggers, and all of those illegal activity that occurs out there. Because owning a business is new for many of us, often times whoever starts that business is a first generation business owner. What we have to end up doing is supporting development of a private sector to meet some of the needs that we have.

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So, who are Indian entrepreneurs? They could be tribal governments, they could be sub-political tribal governments. Some of you are from Navajo, so there's chapters that are involved, they own businesses. Many of you are from Tohono O'Odham, they have districts, and some of their districts have gas stations and C-stores [convenience stores]. Indian organizations can become Indian entrepreneurs, non-profit and for-profit. Most of them are non-profits though. And individual citizens such as yourself. Anybody, think about it, from all the way to the top down.

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I'm just going through these real quickly because we're not going to talk too much about tribal enterprises, but they're generally for-profit, they're usually created and owned by the government. Usually they're the sole shareholders. If you get chartered under Section 17 of the code of federal regulations you can be exempt and enjoy the same kind of immunity the government does from taxes.

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Basically, nothings the same on any reservation here. It varies from one, dramatically in some cases. The only commonality I would guess is that there are probably more than half of the tribes do not have a specified business development process, it's kind of up for grabs. The larger nations have been doing a pretty good job at setting aside land for development. Whether it's for shopping center use, industrial development, whatever it might be. That's usually the larger tribes. A lot of the ones in Arizona, they want to do the development themselves rather than have someone else come in. Some of them have not, in the past, until more recently, have not been open to joint ventures with outside entities, but that's beginning to change now. In all of this, the BIA still has that final approval because they haven't been able to take that responsibility away from them. You can have a whole system set up but in the end the BIA still has to sign on that lease approval.

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Again, you all know about the land status, it's held in trust so we can't encumber it, we can't do anything, we can't sell it, we can't tax it. Usually we can get the land through a 25-year lease and their usually renewable for one more 25-year term. They used to have them up to 99 years; that was horrible. But those days are gone now, so they usually max them out at 25. a lot of times they're subject to federal regulations. On most reservations you're going to find that if you can get passed this hurdle of getting land for development, it's kind of smooth sailing after you've passed. Because this is probably the biggest hurdle, the next one is the political mess that you have to go through. But this one is the first thing that you need to do, is get that land.

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Just some tips in here, not very many of you have reservations that are zoned, have a zoning ordinance in place and because of that, getting land is just horrendous. Sometimes they might have a land use or a comprehensive plan that kind of lays out in general what the community thinks they might want to do with its land. But in most cases, they don't even have that in place and if they do it's just something they did for a proposal and it's sitting on a shelf and nobody's following that land use plan. There might be an established shopping center or industrial park and then finding out what the procedures is for getting the land. Then once you do, have an answer to yes, then you have to worry about who's responsible for what, what I call the principal authorizing agents. So, you know where to go to.

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Who has first approval of the use of land? Is it at the local level? Like on Hopi we have a clan system so we have to go first to our clan before we can even go to our village. On Navajo it's the community and then to the chapter. So anyway, you have to find that out and then how far it goes and at what level it might have to go the council if any. A lot of times they require you to have a full business plan before you can even ask for the land to be able to go in there. So, that means you got to go through all of that process. There are internal reviews, sometimes they're very cumbersome. Other times they're pretty well laid out, sometimes there's a recommendation. And this might be through maybe the legislative oversight committee and then you get into politics there too so there could be processes in place. Even though the final decision is made by the council on behalf of the tribe as I said, you still have the Bureau of Indian Affairs to go through as the final signer on the lease agreement.

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These are common requirements and some of these were mentioned earlier. Look at all of that stuff you have to give there. There's a lot of business, you know, proforma, historical, projections of what you think you're going to do. You have to go through archeological clearances for the land. You have an environmental impact statement and assessment that you have to do. You have to pretty much have to get all of your financing in line before you can even start this process. It's pretty cumbersome and overwhelming for a lot of people to go through this process.

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Here's just quickly some of the authorizing agents and these are the people who have the control, they're the ones who say yay or nay throughout this process. We all have the Indian Health Service, right, IHS. They can tell you all about the water, the sewer, the infrastructure. They'll tell you, for example, if you're going to do a car wash or a laundry mat, whether or not the capacity of those sewer lines is enough to be able to support the proposed business, what the affluent is going to do to the waste water and if there's even capacity in the waste water system to do those kinds of things. So, it's very important that you go through IHS. The BIA, again, usually they're at the tail end of this but they still have the final approval on it.

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There's all kinds of people involved here, down to administration. This is usually economic development department, there's a few of them, T.O. [Tohono O'odham] and Navajo. Navajo has a regional business development office and they're the department that you go to, to start the businesses. T.O. [Tohono O'odham] used to have the business grant program so they would be the people you would go to, to get assistance to start, for an individual person who wants to start a business to go to them and get assistance. Then you have all of your legislative committees for oversight that have to approve it, then there's the council. So, within that tribe you have that whole bureaucracy to go through as well.