

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0045-21_

SPONSOR: Jamie Henio

TITLE: An Action Relating to Budget and Finance and Naabik'iyáti' Committees, and Navajo Nation Council; Approving the Navajo Nation Permanent Fund Income Five-Year Expenditure Plan for Fiscal Years 2022-2026; Waiving 12 N.N.C. § 1162 (B) for a Limited Time Period

Date posted: March 17, 2021 at 2:42PM

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0045-21

DATE: March 15, 2021

TITLE OF RESOLUTION: AN ACTION RELATING TO BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES, AND NAVAJO NATION COUNCIL; APPROVING THE NAVAJO NATION PERMANENT FUND INCOME FIVE-YEAR EXPENDITURE PLAN FOR FISCAL YEARS 2022-2026; WAIVING 12 N.N.C. § 1162(B) FOR A LIMITED TIME PERIOD

PURPOSE: The purpose of this resolution is to approve a five-year expenditure plan from the Navajo Nation Permanent Fund for the years 2022-2026.

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

5-DAY BILL HOLD PERIOD: V. Sreedhar
Website Posting Time/Date: _____
Posting End Date: 03-22-2021
Eligible for Action: 03-23-2021

Budget & Finance Committee
Thence
Naabik'iyáti' Committee
Thence
Navajo Nation Council

1 PROPOSED NAVAJO NATION COUNCIL RESOLUTION
2 24TH NAVAJO NATION COUNCIL -- Third Year, 2021

3 INTRODUCED BY

4  

5 (Prime Sponsor)

6 TRACKING NO. 0045-21

7 AN ACTION

8 RELATING TO BUDGET AND FINANCE AND NAABIK'YÁTI' COMMITTEES,
9 AND NAVAJO NATION COUNCIL; APPROVING THE NAVAJO NATION
10 PERMANENT FUND INCOME FIVE-YEAR EXPENDITURE PLAN FOR FISCAL
11 YEARS 2022-2026; WAIVING 12 N.N.C. § 1162(B) FOR A LIMITED TIME PERIOD

12 BE IT ENACTED.

13 SECTION ONE. AUTHORITY

- 14 A. The Navajo Nation Council is the governing body of the Navajo Nation, pursuant to 2
15 N.N.C. § 102 (A).
16 B. The Naabik'iyáti' Committee of the Navajo Nation Council reviews proposed
17 legislation which requires final action by the Navajo Nation Council. 2 N.N.C.
18 §164(A)(9).
19 C. The Budget and Finance Committee is empowered to review and recommend to the
20 Navajo Nation Council the budgeting, appropriation, investment, and management of
21 all funds. 2 N.N.C. §300(B)(2).
22 D. The Budget and Finance Committee of the Navajo Nation Council is empowered to
23 exercise oversight authority, including but not limited to, budget, finance, investment,
24 bonds, contracting, insurance, audits, accounting, taxes, loans, chapter budget and
25 finance for the purpose of recommending to the Navajo Nation Council the adoption
26 of resolutions designed to strengthen the fiscal and financial position of the Navajo
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1 Nation and to promote the efficient use of the fiscal and financial resources of the
2 Navajo Nation. 2 N.N.C. §300(C)(3).

3
4 **SECTION TWO. FINDINGS**

- 5 A. The Navajo Nation Permanent Fund (the “Permanent Fund”), established in 1985 and
6 codified at 12 N.N.C. §§ 901 *et seq.*, made available certain funds after a 20-year period
7 as a source of future revenue to replace the declining revenues from the Nation’s oil
8 and gas and other depletable natural resources, through Council Resolution CJY-53-
9 85.
- 10 B. The Permanent Fund was established to create a reserve of funds for future generations
11 due to the decline in the Navajo Nation’s General Reserve Fund. CJY-53-85, Whereas
12 Clauses Two and Six.
- 13 C. Permanent Fund income consists of all earnings generated by the principal of the Fund.
14 12 N.N.C. §903(B).
- 15 D. The Permanent Fund provides, “[n]o Fund income shall be expended, except as set
16 forth in §§ 903 and 909 of this Chapter, for a period of 20 years from date of the first
17 Navajo Nation contribution to the Fund. Thereafter, ninety-five percent (95%) of the
18 Fund income may be expended in accordance with a plan for its use covering at least a
19 five-year period adopted by resolution of the Navajo Nation Council provided that the
20 expenditure of income in any fiscal year shall not exceed the income earned during that
21 year. The remaining five percent (5%) of the Fund income shall be reinvested in the
22 Permanent Fund.” 12 N.N.C. §905.
- 23 E. Permanent Fund income has been available for use since 2005, and through Council
24 Resolution CAP-19-16, the Navajo Nation approved a plan for the use of the Permanent
25 Fund income for major waterline projects and economic development across the
26 Navajo Nation. CAP-19-16, amended by CD-85-18 and CD-88-18.
- 27 F. The Navajo Nation relies on projected revenue from a variety of sources to provide
28 services through the Navajo Nation government and associated entities. Declining
29 revenues from the closure of the nearby Navajo Generation Station power plant and
30 coal mine, and other revenue sources, subjects the Navajo Nation to a significant

1 revenue shortfall for the future, and unless mitigated, may lead to a reduction in
2 services to the Navajo Nation.

3 G. The proposed five-year plan allows the Navajo Nation to address its declining revenues
4 and contribute to the projected revenue of the Navajo Nation for use in the future fiscal
5 years, thereby creating financial stability for Navajo Nation government operations.

6 H. The Permanent Fund Income Five-Year Expenditure Plan for Fiscal Years 2022-2026,
7 attached as **Exhibit A**, will address the projected revenue deficit for the immediate
8 future.

9 I. The Navajo Nation Local Governance Trust Fund, codified at 12 N.N.C. §§ 1161, *et*
10 *seq.*, was established to provide an incentive for chapter to attain governance
11 certification. 12 N.N.C. § 1161. The relevant section provides, “[b]eginning in Fiscal
12 Year 2007, the Fund shall annually receive fifty percent (50%) of the income available
13 from the Navajo Nation Permanent Fund pursuant to 12 N.N.C. § 905.” 12 N.N.C. §
14 1162(B). However, to give full effect to the intent of this Resolution and to provide for
15 continuing governmental operations, a waiver of 12 N.N.C. § 1162 is included in this
16 Resolution.

17
18 **SECTION THREE. EXPENDITURE PLAN**

19 A. The Navajo Nation Council approves the Permanent Fund Income Five-Year
20 Expenditure Plan for Fiscal Years 2022-2026, as indicated in **Exhibit A**.

21 B. The Navajo Nation Controller shall include \$40,000,000 for each Fiscal Year from
22 2022-2026 in the annual revenue projections required in 12 N.N.C. § 830(C).

23 C. In the event the available income from the Permanent Fund is not at least \$40,000,000,
24 the Controller shall include all of the available Permanent Fund income in the revenue
25 projections for the upcoming fiscal year.

26 D. The Permanent Fund income over \$40 million shall be designated as excess income for
27 the purpose of this expenditure plan, and the Controller shall include the excess income
28 in the calculation of available funds for the Unreserved, Undesignated Fund Balance in
29 accordance with 12 N.N.C. § 820(K). This excess income shall be available for
30 additional needs as determined by Navajo Nation leadership in accordance with 12

1 N.N.C. §820 (L) of the Appropriations Act, which governs supplemental
2 appropriations.
3

4 **SECTION FOUR. EXPENDITURE PLAN ADMINISTRATION**

5 Funds shall be administered in accordance with the Navajo Nation Appropriations Act, 12
6 N.N.C. §§ 800, *et seq.*, the Budget Instruction Manual for the appropriate fiscal year, and
7 related budgetary process policies, rules, and regulations
8

9 **SECTION FIVE. WAIVING 12 N.N.C. § 1162(B)**

10 The Navajo Nation waives 12 N.N.C. § 1162(B) for the period of the Permanent Fund
11 Income Five-Year Expenditure Plan for Fiscal Years 2022-2026 and approves the waiver
12 of the annual appropriation to the Navajo Nation Local Governance Trust Fund to conform
13 with the Permanent Fund Income Five-Year Expenditure Plan for Fiscal Years 2022-2026.
14

15 **SECTION SIX. APPROVING THE PERMANENT FUND INCOME FIVE-YEAR**
16 **EXPENDITURE PLAN FOR FISCAL YEARS 2022-2026**

- 17 A. The Navajo Nation Council hereby recommends and approves the expenditure of the
18 permanent fund income pursuant to the Permanent Fund Income Five-Year
19 Expenditure Plan for Fiscal Years 2022-2026 described in **Exhibit A**, for the continual
20 operation of the Navajo Nation government and essential services to the Navajo People.
21 B. The Navajo Nation hereby approves the expenditure plan administration as described
22 in Section Three, above.
23

24 **SECTION SEVEN. SAVING CLAUSE**

25 Should any provision of this Act be determined invalid by the Navajo Nation Supreme
26 Court or the District Courts of the Navajo Nation, without appeal to the Navajo Nation
27 Supreme Court, the remainder of the Act shall remain the law of the Navajo Nation.
28

29 **SECTION EIGHT. EFFECTIVE DATE**

30 The provisions of this Act shall become effective in accordance with 2 N.N.C. § 221(B).