

## Progress Made in Infrastructure Funding for Native Communities is at Risk Under a Trump Presidency

As part of the U.S. [trust](#) responsibility, the federal government has a moral and legal obligation to Tribes and the Native Hawaiian Community to safeguard the welfare of American Indians, Alaska Natives, and Native Hawaiians (Native communities). This includes the responsibility to build resilient infrastructure. Native communities are on the [frontlines](#) of climate change, which further exacerbates challenges left by the persistent legacy of [disinvestment](#) in infrastructure on Tribal lands and discriminatory [policies](#) of past eras.

While recent investments championed by JEC Chairman Martin Heinrich direct essential resources to Tribes for resilient infrastructure, the President-elect Trump will turn his back on the need for large-scale infrastructure, climate resilience, and equity. The [Inflation Reduction Act](#) (IRA), [Bipartisan Infrastructure Law](#) (BIL), and recent years' appropriations made historic levels of funding available for energy, water, and internet infrastructure upgrades to Tribes and the Native Hawaiian Community. Much of that work is now [at risk](#) given President-elect Trump's antagonistic approach to Indigenous affairs and federal protections of the environment during his prior administration, as well as his disregard for meaningful engagement with Native communities.

Despite these real funding threats over the coming years, Congress can still take steps to unlock existing funds for Native communities by waiving the [non-federal](#) "[cost share](#)" requirements that currently prevent many Tribal governments from accessing infrastructure funds. These requirements mean that Native governments can only access certain federal funds if they first commit money from their own budgets – budgets that are limited by restrictions on tribal revenues. Removing this requirement would allow Native communities to continue to build out their infrastructure and further develop their economic self-reliance, even in the face of the [incoming](#) administration.

### Democrats have invested in Native communities

The Biden-Harris administration, Chairman Heinrich, and Democrats have championed funding for Native communities' infrastructure and streamlined funding access.

#### The Biden-Harris administration's recent actions support Tribal self-determination

In December 2023, the Biden-Harris administration [issued](#) an executive order (EO) to improve Tribes' access to federal funds and further support Tribal sovereignty, [including](#) a multi-agency Access to Capital [Clearinghouse](#). In addition, the EO requires that [agencies](#) identify ways that their programs' rules put unnecessary limits on Tribal spending of federal funds and eliminate burdens that payments of non-federal cost shares impose. And, in September 2024, the Biden-

Harris administration announced [\\$300 million](#) in grants to Tribal Nations and the Northern Mariana Islands to accelerate the clean energy transition in these communities. In October 2024, the administration proposed new tax guidance that makes Tribal businesses eligible for [direct](#) cash payments for low-carbon energy projects to improve access to a \$30 billion funding pot in the IRA.

### **Chairman Heinrich and Congressional Democrats have ensured major legislation provides Native communities with access to infrastructure and clean energy funding**

The IRA and BIL have created opportunities for communities across the country to invest in clean energy, energy efficiency, and resilient infrastructure. In crafting this legislation, Chairman Heinrich and Congressional Democrats ensured that a historic level of funding was made available to Native communities to use towards these ends. As a result, various provisions in the IRA and BIL allocated funding for repairing aging or constructing new [infrastructure](#) along with [updating](#) homes, buildings, and roads on Tribal lands. Within the IRA for example, millions of dollars have been allotted for energy efficient homes and loan assistance, in addition to [bonus](#) clean energy tax credits that encourage investment and production activity on Tribal lands. The over 150 programs for which Tribes are eligible under the BIL also provide more than \$13 [billion](#) towards Tribes' projects across a wide array of agencies.

In IRA and BIL negotiations, Chairman Heinrich prioritized Native communities' access to federal support for energy projects. As part of this effort, the Chairman secured in the IRA the inclusion of [Home Electrification and Appliance Rebates Program](#), allowing households to reduce the upfront cost of home energy efficiency upgrades, with up to [\\$225 million](#) of the funding available for Tribal governments and Alaska Native entities.

The BIL's new Energy Improvements in Rural or Remote Areas program has also invested [\\$18 million](#) directly to the Navajo and Hopi Nations, as well as to Taos Pueblo, to support projects that enhance energy access and sovereignty, bolster resilience, and lower energy costs. Of this amount, \$10 million is funding the installation of key renewable energy assets for Taos Pueblo. Through their ownership of these assets, Taos Pueblo is anticipated to generate a direct credit of \$700 per year to Pueblo households. Navajo and Hopi Nations secured \$8 million in funding to install solar and battery storage systems for 300 tribal homes, to ensure reliable access to the energy that refrigerates medicine and food and facilitates internet access. Training will also be provided to the local workforce to build up skillsets for careers as solar technicians.

The BIL has also provided critical funding to support water infrastructure and supply for Tribes. Last year the Chairman and the New Mexico delegation announced that \$235.1 million from the BIL and the Reclamation Water Settlements Fund would go towards fulfilling settlements of [Indian water rights](#) claims. Of this amount, \$164 million was directed towards the [Navajo-Gallup Water Supply Project](#). This project's goal is to provide a reliable water source for the Navajo Nation, the Jicarilla Apache Nation, and the City of Gallup, New Mexico, and will include two water treatment plants, 19 pumping plants, and 300 miles of pipeline. An additional \$2 million will fund the new system's operations and maintenance. Moreover, \$69.1 million was allocated

to the [Aamodt Water Rights Settlement](#) to ensure the Pueblos of Nambé, Pojoaque, San Ildefonso, and Tesuque have a secure and reliable water supply.

### **Democrats have led in introducing new legislation to support Native communities**

With legislation and initiatives, Chairman Heinrich, the Biden-Harris administration, and Congressional Democrats targeted areas where there is still work to be done with new appropriations. For example, Senate Committee on Indian Affairs and Senate Appropriations Transportation, Housing and Urban Development Subcommittee Chairman Schatz [secured](#) a historic increase of \$175.5 million in new federal funding for Tribal transportation activities.

Chairman Heinrich has continued to work on ensuring equal access to water for Tribes. His [Zuni Indian Tribe Water Rights Settlement Act](#), which he introduced with Representative Gabe Vasquez (D-N.M.) this year, ratifies the settlement between Zuni Tribe, the State of New Mexico, and the federal government that affirms the Tribe's water rights. It allocates federal funding to support Zuni Tribe's infrastructure development and sustainable water management. Chairman Heinrich has also introduced the [Rio San José and Rio Jemez Water Settlements Act](#) with Representative Leger Fernández (D-N.M.), which would approve and fund water settlements between the federal government, State of New Mexico, non-Tribal parties, and the Pueblos of Acoma, Jemez, Laguna, and Zia.

### **Removing cost shares can help communities access funds**

While Republicans will hinder progress on additional federal investments for Tribes and improved access to those funds, Democrats will continue to push for improved infrastructure. Among the initiatives that Democrats have led, Chairman Heinrich has proposed [waivers](#) in cost-shares for energy grants for Native communities. For those facing challenges in securing local government revenues, waivers for energy projects and other forms of infrastructure could lead to more rapid economic development and growth.

### **Cost share waivers are increasingly common, but many programs still do not allow them**

There are a number of agencies that have already committed to increasing flexibility in cost shares for economically disadvantaged communities, and specifically for Tribes and Native communities that face acute economic challenges. The Environmental Protection Agency ([EPA](#)), for example, waives non-federal cost shares for Tribal community projects under certain [Clean Water Act](#) and [Drinking Water Act](#) programs. The Department of Transportation (DOT) also provides up to [100%](#) of federal coverage for project costs under a series of programs, including the Rebuilding American Infrastructure with Sustainability and Equity ([RAISE](#)) Program, the [Rural Surface Transportation Grant Program](#), and multiple [Justice40](#) initiative programs.

When cost shares are not waived, the [Bureau of Indian Affairs](#) (BIA) and [other](#) federal programs can at times provide coverage of a Tribe's share. However, this often leads to an additional, complex application process with requirements that diverge from those in the original agency's funding application. At times, agencies have not allowed Tribes to seek out funding from other agencies for the same project, despite a lack of sufficient Tribal government funds to cover the

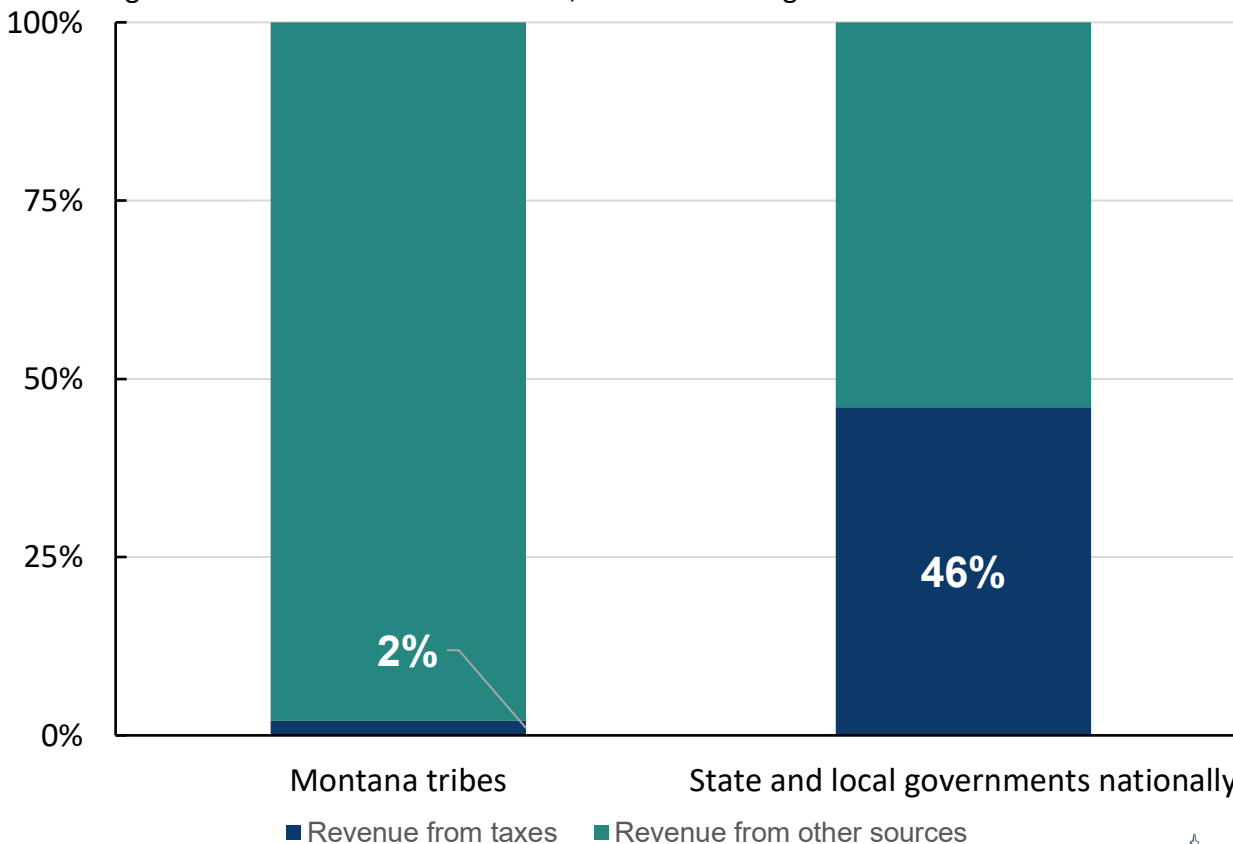
project's costs. These issues further complicate the process of applying for infrastructure funding and can delay or fully block infrastructure development. Given these concerns, waivers of these cost shares for economically disadvantaged Native communities will enhance public services, infrastructure development, and advance economic growth.

### High upfront costs prevent communities from carrying out key infrastructure projects

Non-federal [cost shares](#) are a primary barrier to accessing key funds for infrastructure in many Native communities. In a recent roundtable, "Implementing the Bipartisan Infrastructure Law and the Inflation Reduction Act in Native Communities," Tribal leaders [emphasized](#) that [cost shares](#) can force Tribes to make difficult decisions to fund some public services over others, such as investing in their public schools or paying to replace infrastructure in poor condition. Native Hawaiian Organizations continue to report to Congress the challenges of the non-federal cost share requirements to unlock grant funding as they may have economic resource constraints or face administrative burdens.

## Tribal Governments Primarily Depend on Revenue Sources Other Than Taxes

Percentage of revenue from taxes for tribal, local and state governments



Source: The Federal Reserve Bank of Minneapolis. Note: Data is for 5 of the 8 Montana tribes



Cost shares are especially burdensome for Tribal governments as they face unique challenges in collecting revenues widely available to other governments. While Tribal governments have many

of the same responsibilities as state and local governments, [typical](#) approaches to building government revenues are either not possible or do not yield as high of returns for many Tribal governments. Using [data](#) for Montana tribes, the Federal Reserve Bank of Minneapolis showed that Tribal governments get only 2% of their revenue from taxes while state and local governments get 46% of their revenue from taxes.

Uncertainty and constraints regarding [taxation](#) hinder revenue accumulation, and in turn economic development, on Tribal lands. In rural Native communities with few economic and employment opportunities, taxation of tribal member [income](#) can be unfeasible. Likewise, [dual taxation](#) by both Tribes and states of certain on-reservation commercial transactions makes it difficult for Tribes to attract businesses to Tribal lands. Where possible, Tribes will at times use sales and excise taxes to [build](#) revenues. However, high sales and excise taxes are not only [regressive](#) and could potentially reduce consumer activity on Tribal lands, they also do not tend to [generate](#) sufficient revenues to support the large-scale Tribal government spending often required for infrastructure projects. For these reasons, asking some Tribes to front a percentage of costs to receive federal funding for infrastructure projects can be a major barrier to economic development.

## President-elect Trump threatens progress on infrastructure needs for Native communities

President-elect Trump will likely put progress on tribal infrastructure needs and self-determination at great risk. For example, Republicans are threatening the whole IRA, including the Tribal Home Electrification and Appliance [Rebate](#) program. Other Treasury Department guidance that enables Tribes to take advantage of [direct](#) pay options from the IRA for clean energy tax credits are also at extreme risk from President-elect Trump.

In addition to cost-shares, securing support for grant writing is a frequently cited concern among Native communities, which is highly unlikely to receive attention from Republicans. Other cited [barriers](#) to funding access include [complex](#) application processes and a lack of federal government-wide coordination of data collection, reporting, funding, and policy. Tribes and Native Hawaiian communities also face barriers to accessing [capital](#) from a broad array of sources due to non-statutory requirements and lenders' unfamiliarity or lack of interest in working with Native communities.

With unprecedented support for resilient infrastructure available through the IRA, BIL, and annual appropriations—and with climate impacts growing in severity and frequency—equitable access to infrastructure investments are key to future economic growth. President-elect Trump threatens the impact of these investments, but Democrats stand ready to push forward on equitable economic development and climate action.