LEGISLATIVE SUMMARY SHEET Tracking No. 0111-21

DATE: July 9, 2021

TITLE OF RESOLUTION: AN ACT RELATING TO THE RESOURCES AND DEVELOPMENT, LAW AND ORDER, BUDGET AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; AMENDING THE NAVAJO NATION SALES TAX AT 24 N.N.C. §601-§624

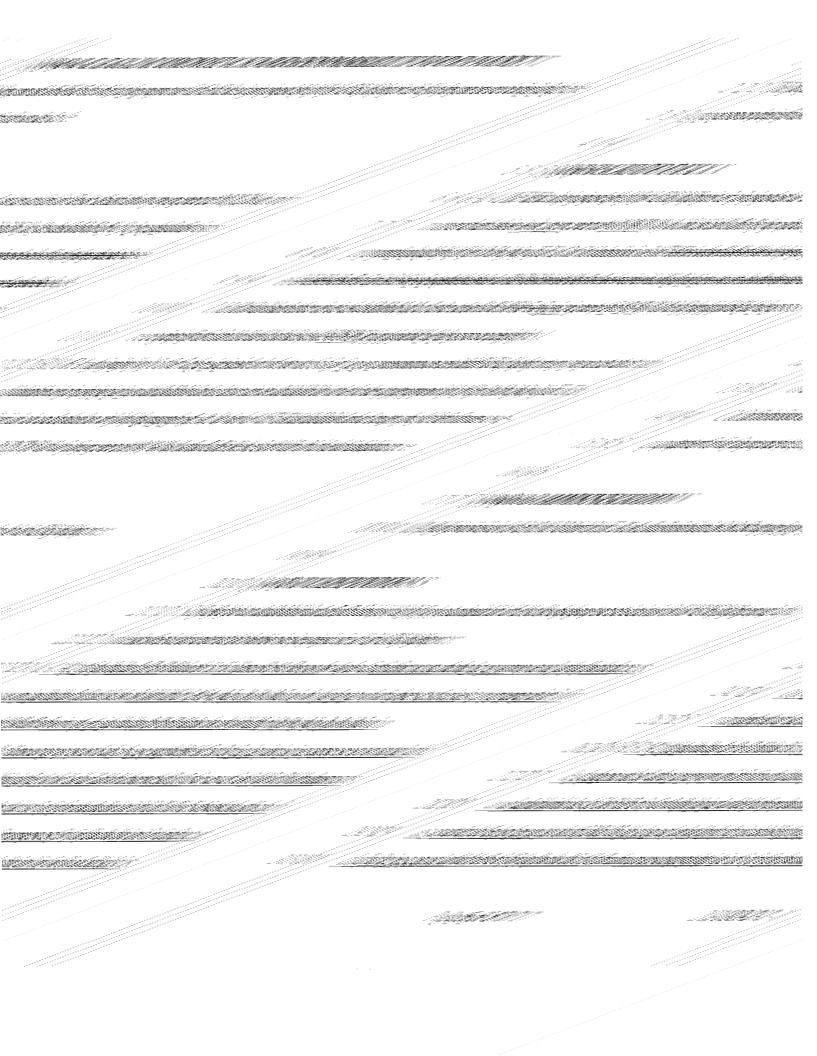
PURPOSE: The purpose of this legislation is to approve amendments to the Navajo Nation Sales Tax, as recommended by the Navajo Tax Commission.

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12	LAW AND ORDER, BUDGET AND FINANCE, AND NAABIK'ÍYÁTI'	
13	COMMITTEES, AND THE NAVAJO NATION COUNCIL; AMENDING	
14	THE NAVAJO NATION SALES TAX AT 24 N.N.C. §601-§624	
15		
16	BE IT ENACTED:	
17		
18	SECTION 1. AUTHORITY	
19	A. The Resources and Development Committee is a standing committee of the Navajo Nation	
20	Council with the authority to review and make recommendations to the Navajo Nation	
21	Council regarding "taxation proposals affecting business or commercial activities, after	
22	consultation with the Navajo Tax Commission." 2 N.N.C. §501(B)(4)(d).	
23	B. The Law and Order Committee is a standing committee of the Navajo Nation Council	
24	empowered to review and make recommendations to the Navajo Nation Council regarding	
25	any proposed amendments to the Navajo Nation Code. 2 N.N.C. §601(B)(14).	
26	C. The Budget and Finance Committee is a standing committee of the Navajo Nation Council	
27	authorized to provide oversight regarding the Navajo Nation's budgeting, finance, taxes,	
28	and other related matters. 2 N.N.C. §300(C). The Budget and Finance Committee is also	
29	empowered to recommend to the Navajo Nation Council "resolutions designed to	
30	strengthen the fiscal and financial position of the Navajo Nation." 2 N.N.C. §300(C)(3).	

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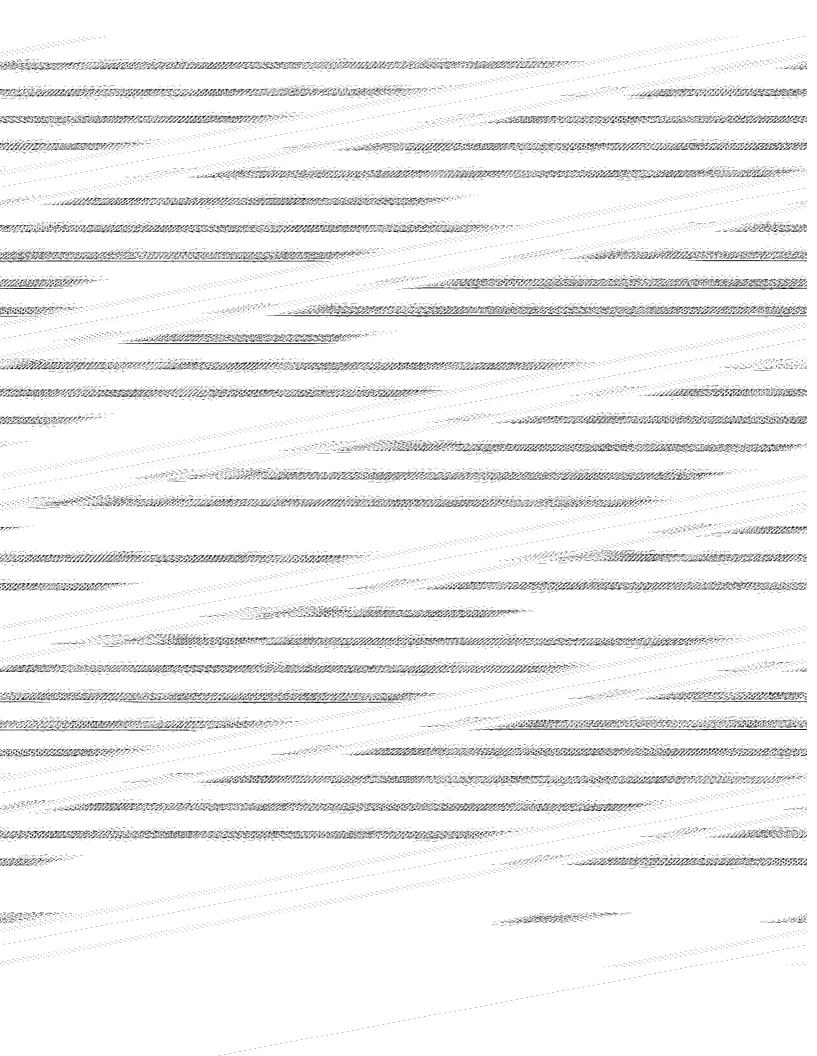
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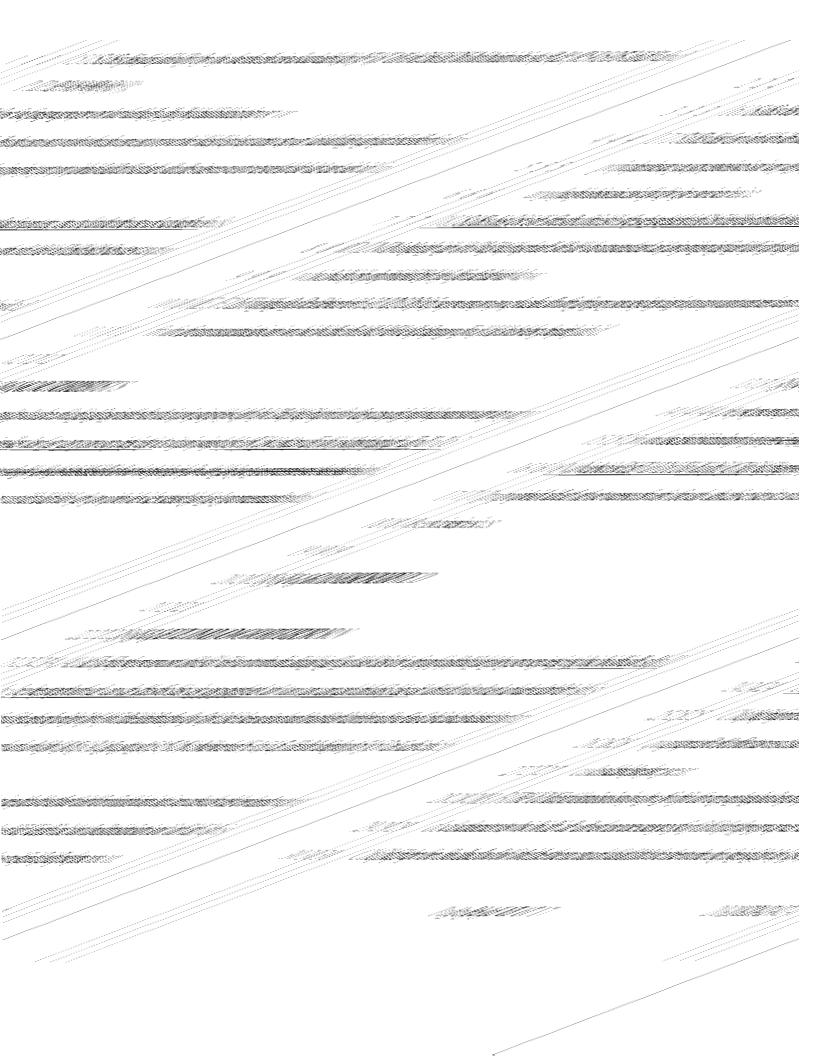


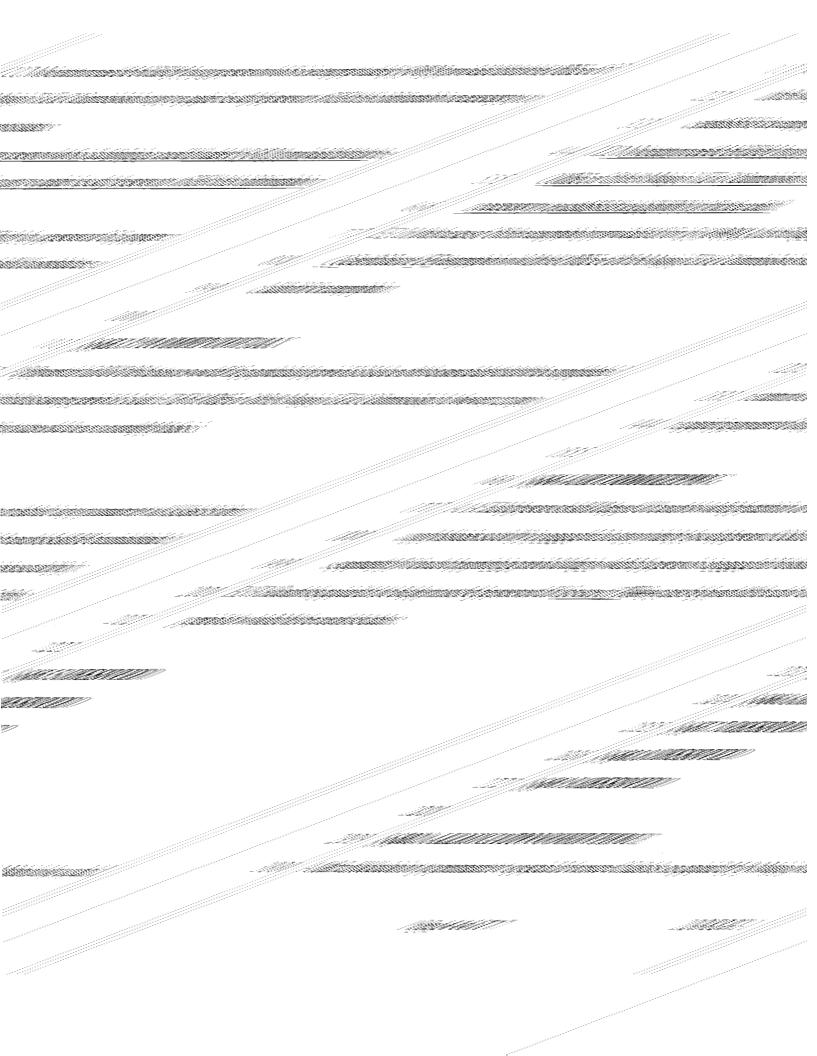
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1	§624. REPEALS
2	All laws or parts of laws (or attachments thereto) which are inconsistent with the provisions of
3	this Chapter are hereby repealed, including, without limitation, any law purporting to waive any
4	right of taxation by the Navajo Nation.
5	
6	The Office of the Navajo Tax Commission is authorized to prepare a final, clean version of the
7	Sales Tax as amended herein, with no stricken or underlined wording shown.
8	
9	SECTION 4. EFFECTIVE DATE
10	This Act shall be effective upon its approval pursuant to 2 N.N.C. §221(B).
11	
12	SECTION 5. CODIFICATION
13	The provisions of this Act that amend the Navajo Nation Code shall be codified by the Office
14	of Legislative Counsel. The Office of Legislative Counsel shall incorporate such amended
15	provisions in the next codification of the Navajo Nation Code.
16	
17	SECTION 6. SAVINGS CLAUSE
18	If any provision of this Act is determined invalid by the Supreme Court of the Navajo Nation,
19	or by any District Court of the Navajo Nation without appeal to the Navajo Nation Supreme
20	Court, the portions of this Act not determined invalid shall remain as the law of the Navajo
21	Nation.
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Exhibit A

THE NAVAJO NATION

JONATHAN NEZ | PRESIDENT

MYRON LIZER | VICE PRESIDENT



MEMORANDUM

TO: Honorable Jaime Henio, Chairman

Budget and Finance Committee

Navajo Nation Council

FROM:

Martin E. Ashley, Executive Director Office of the Navajo Tax Commission

DATE: May 5, 2021

SUBJECT: Amendment to the Sales Tax Statue recommended by Navajo Tax

Commission resolution TAX-20-238

The Office of the Navajo Tax Commission (ONTC) previously met and discussed the recommendation of the Navajo Tax Commission resolution TAX-20-20 to amend the Sales Tax Statute and to sponsor the amendment to the Sales Tax Statute.

One of the main purpose of the amendment is increase the range of the Sales Tax that is currently 2% to 6% and changing to 2% to 10% (increase range to 10%). Other amendments are to the Definitions and providing clarification regarding agriculture for which the Exemptions and Exclusions is clarifying this only applies Traditional Navajo agricultural farming and livestock activities and not for commercial agricultural activities. There are also other clarifications to assist ONTC in administering the Sales Tax.

Should there be any questions, please call me at tribal extension 6992 or email at mashley@navajo-nsn.gov.

Attachment: Navajo Tax Commission resolution TAX-20-238

Exhibit B



TAX-20-238

RESOLUTION OF THE NAVAJO TAX COMMISSION

RECOMMENDING TO THE NAVAJO NATION COUNCIL THE APPROVAL OF AMENDMENTS TO THE SALES TAX STATUTE, 24 N.N.C. §§ 601 ET SEQ.

WHEREAS:

- The Navajo Tax Commission is established as a part of the Executive Branch of the Navajo Nation government, and is empowered to review and study all sources of wealth and income within the Navajo Nation and the possible revenues from the taxation of those sources, in order to develop an appropriate, comprehensive system of taxation, 2 N.N.C §§ 3351 and 3353(A)(1); and
- The Navajo Nation Council enacted the Sales Tax Statute pursuant to Resolution No. CO-84-01, as amended by CJA-03-07, CO-38-09, CAP-20-14, CO-62-17, CJA-07-18, and CO-74-18, and codified at 24 N.N.C. §§ 601 et seq.; and
- The Navajo Tax Commission now proposes amendments to the Sales Tax Statute, in underlinestrikeout format, attached as Exhibit "1", and recommends that the Navajo Nation Council approve and adopt the proposed amendments.

NOW THEREFORE BE IT RESOLVED THAT:

- The Navajo Tax Commission hereby proposes amendments to 24 N.N.C. §§ 601 et seq. of the Sales Tax Statute, attached as Exhibit "1".
- The Navajo Tax Commission recommends that the Navajo Nation Council approve the amendments to the Sales Tax Statute, attached as Exhibit "1".

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Tax Commission at a duly called meeting held in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 4 in favor and 0 opposed, with 0 abstaining, this 31st day of March, 2020.

Mark Graham, Chairperson Navajo Tax Commission

Motion: Loretta Largo Second: Shana Barehand

xc. NTC Resolution File
ONTC Resolution File
Navajo Nation Department of Justice
Navajo Nation Office of Legislative Counsel
The 24th Navajo Nation Council

Sub-Exhibit B-1



EXHIBIT 1 to TAX-20-238

SALES TAX

Table of Contents

Secti	on	Page
601.	SHORT TITLE	2
602.	PURPOSE	2
603.	TAX IMPOSED	2
60 ł.	LEGAL INCIDENCE AND RESPONSIBILITY FOR PAYMENT	2
605.	RATE OF TAX	2
606.	ADMINISTRATION	2
607.	DEFINITIONS	2
608.	NAVAJO NATION GOVERNMENT	4
609.	EXEMPTIONS AND EXCLUSIONS	5
610.	CREDITS	6
611.	RESERVED	6
612.	FILING OF RETURN	6
613.	PAYMENT OF TAX	6
61 t.	RECORDKEEPING	6
615.	RESERVED	7
616.	RESERVED	7
617.	RESERVED	7
618.	RESERVED	7
619.	RESERVED	7
620.	ALLOCATION OF REVENUE	7
621.	NO CONFLICT WITH LOCAL GOVERNANCE ACT	7
622.	SEVERABILITY	7
623.	EFFECTIVE DATE	7
62 ŀ.	REPEALS	7

601. SHORT TITLE

The tax imposed by this Chapter shall be called the "Sales Tax."

602. PURPOSE

The Navajo Nation Council hereby enacts this tax for the privilege of engaging in business activity within the Navajo Nation, and for purposes of defraying necessary governmental expenses at the national and local level incurred in providing for the public welfare.

603. TAX IMPOSED

A tax is hereby imposed on the gross receipts of a person. The tax due for a period is determined by first calculating applicable gross receipts for a period, and then multiplying those gross receipts by the applicable tax rate.

604. LEGAL INCIDENCE AND RESPONSIBILITY FOR PAYMENT

The person liable for the payment of the tax imposed by this Chapter is the person receiving the gross receipts from a sale.

605. RATE OF TAX

- A. The tax imposed by this Chapter is imposed at a rate of not less than two percent (2%), nor more than six ten percent (610%), which shall be specifically established by regulations promulgated by the Navajo Tax Commission. This tax shall not be imposed on the purchase of fresh fruits, fresh vegetables and filtered bottled water including nuts, nut butters, and seeds. Until another rate is established, the rate shall be fivesix percent (56%) of the applicable gross receipts from all retail sales (.0506 x applicable gross receipts).
- B. A majority of the registered voters of any governance-certified chapter may enact an ordinance imposing an additional tax rate in addition to the rate approved by the Navajo Tax Commission in accordance with paragraph A, above. This additional rate may be from one-quarter of one percent (.25%) to four percent (.4%) and shall be set forth in the ordinance.

606. ADMINISTRATION

All provisions of the Uniform Tax Administration Statute apply to this Chapter.

607. DEFINITIONS

Subject to additional definitions (if any) contained in the subsequent sections of this Chapter, and unless the context otherwise requires, in this Chapter:

- A. "Agricultural Producers" means Persons who are farmers, ranchers, growers, and producers, on agricultural lands within the Navajo Nation, who grow, harvest, raise, or prepare for market, and sell their own Agricultural Products within the Navajo Nation.
- B. "Agricultural Products" means crops such as vegetables, fruits, grains, grasses, roots, and legumes, that are grown from cultivating the soil and harvested for use as food for humans and animals, as fiber for clothing and other products, or for production of fuel; livestock such as cattle, sheep, goats, buffalo, hogs, and poultry, raised for purposes of production of meat, dairy, eggs, and other food products for human consumption, or for production of wool, skins, and pelts for clothing and other purposes; livestock such as horses and mules for work on a ranch or farm; farm-raised fish; bees and honey; trees grown for production of fruit, lumber, fuel, and fiber; flowers cultivated for sale; and other similar natural plant or animal products.

AC. "Consideration" means any money or other pecuniary benefit, goods, personal or real property, services, or any combination thereof, which accrues as a right, profit, advantage, or benefit to a person, or which reflects a payment, detriment, loss, or responsibility of a person.

BD. "Construction activity" means any building altering repairing installing or demolishing

BD. "Construction activity" means any building, altering, repairing, installing, or demolishing in the ordinary course of business, whether a project is completed or not, any:

- Road, highway, bridge, parking area, fence, livestock guard, gate, or related structure;
- 2. Building, stadium, or other structure:

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costs of putting personal or real property into a finished and marketable form, payment for delivery and set-up, and payment for warranty or service contracts, regardless of the date, time, manner, or location of performance of such services(s).

"Gross receipts" does not include amounts received as reimbursement for federal, state, or Navajo Nation taxes when the seller/taxpayer collects tax from buyer and taxpayer/seller provides proof it has paid the tax to the above named taxing jurisdictions.

"Gross receipts" are recognized when seller receives the payment rather than when goods are delivered or services are received.

- JL. "Manufacturing activity" means combining or processing components or materials into a finished product, whether manually or mechanically, for the purpose of resale in the ordinary course of business, but does not include construction activity.
- JM. "Nut Butters" means ground nuts blended to make a paste or spread.
- LN. "Nuts" means a fruit consisting of a hard or tough shell around an edible kernel.
- MQ. "Navajo Nation" means all areas within the territorial jurisdiction of the Navajo Nation government.
- NP. "Performance" means the partial or complete fulfillment or accomplishment of a promise, contract, or other obligation according to the terms of such promise or contract.
- Q. "Period" means a calendar quarter.
- PR. "Personal property" means any tangible property which may be seen, touched, weighed or measured, or is in any manner perceptible to the human senses, including, but not limited to, electricity, compressed or liquefied natural gas, kerosene, liquefied petroleum gas, butane, propane, non-fuel stove oil, fuel products used for the propulsion of aircraft, goods or merchandise of any kind, goods purchased for consumption or other use, goods purchased for incorporation into other personal or real property, and goods purchased for use in the performance of any service, whether or not such goods are consumable, movable, separable, affixed to, or incorporated into, other personal or real property, and whether or not such goods retain their original character upon final sale.
 - "Personal property" also means any intangible property which cannot be physically perceived by the human senses, such as patents, trademarks, copyrights, franchises, licenses, knowledge, information, ideas, advice, and other intangible items of value or legal rights of any kind.
- Sole" means any transaction, including a lease or rental, for consideration of any kind that results in the transfer of ownership and/or possession, delivery, use, or enjoyment of personal or real property, or the performance of any service.
 - A "Sale" includes circumstances where the title to personal or real property is retained as security for payment, and includes circumstances where no actual physical transfer of personal or real property or services occurs.
- RT. "Sale for resale" means a sales transaction of tangible personal property made to a buyer for purposes of being resold within the Navajo Nation by the buyer in the ordinary course of business any further sale, processing, manufacturing, or other commercial or industrial purposes, as distinguished from a retail sale.
 - "Sale for resale" does not include the sale of services.
 - "Sale for resale" does not include the sale of tangible personal property for consumption by the buyer, or to a buyer who is the end-use consumer or to the agent of the end-use consumer. "Sale for resale" does not include sale of tangible personal property for purposes of further processing, manufacturing, or other commercial or industrial purposes.
 - A transaction by an upstream seller shall only be considered a "sale for resale" if all of the following requirements are met: (1) the last seller for the last sale occurring within the Navajo Nation, or another seller in the supply chain, has paid the applicable Sales Tax to the Navajo Nation on a sale of the same tangible personal property; (2) the seller who paid the Sales Tax has obtained from the Office of the Navajo Tax Commission a valid Navajo Tax Exemption Certificate, and has provided the Certificate to the upstream seller; (3) the upstream seller filed a Return with the Office of the Navajo Tax Commission and attached a copy of the valid Navajo Tax Exemption Certificate pertaining to the sale in question; and (4) compliance with

other requirements related to "sale for resale" set forth in the Sales Tax Regulations.

- RU. "Seeds" means the grains or ripened ovules of fruits, vegetables, or plants such as sunflower seeds, flax seeds, pumpkin seeds, and mixed nuts without sugared candies.
- TV. "Services" means manual, mechanical, or intellectual labor performed, and includes other business activity that does not have physical characteristics.

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<u>UW</u>. "Subcontract" means any legal duty, obligation, or responsibility, express or implied, unilateral or bilateral, written or unwritten agreement, between a general contractor and a

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work undertaken by the general contractor.

- Y. "Traditional" means Navajo culture, laws, philosophies, values, customs, practices, and methods, that have been passed down from one generation to the next either orally or in writing.
- Z. "Upstream Seller" means a Person who sells tangible personal property to a buyer other than the end-use consumer, where the sale occurred within the Navajo Nation, and such buyer later resells the same property within the Navajo Nation.
- **MAA. "Water" means drinking water that has no added sugar or other artificial sweeteners. It

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- 2. Navajo Tobacco Products Tax; or
- 32. Navajo Nation Fuel Excise Tax. 11 11 01 1
- Sales for resale;
- Sales of Agricultural Products related to by Agricultural Producers engaged in Traditional Navajo agricultural, farming, ander livestock activities conducted within the Navajo Nation. This exemption shall not apply to sales by commercial Agricultural Producers:
- 44 01 11- 11- 519 of 1 Intributed match detected the lateral services.
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 - . Sales from coin-operated vending machines. This exemption shall not apply to coinoperated car washes and laundromats of any type;
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- 17. Sales of mobile homes, motor homes, motor vehicles, tractors, and hauling trailers for private use, possession, or enjoyment, provided that such items are not resold or used in any business activity or service.
- 18. Sales of fresh fruits, fresh vegetables, filtered bottled water, nuts, nut butters, and seeds.
- D. Nothing in this Chapter shall be construed as imposing directly upon the United States a tax which is prohibited by federal law.
- E. Through December 31, 2005, a person may exclude from gross receipts any amount received from a transaction on which the Hotel Occupancy Tax has been paid.

610. CREDITS

A person may take a credit against the tax imposed by this Chapter for taxes paid pursuant to any nondiscriminatory excise sales or gross receipts tax imposed by Kayenta Township and To' Nanees' Dizi' / Tuba City Chapter any duly established township or local government subunit, provided that revenues from such excise tax are utilized to provide essential governmental services.

611. RESERVED

612. FILING OF RETURN

- A. Each person must file a return indicating all sales from applicable gross receipts, which shall be reported on a cash basis as opposed to on an accrual basis, and the tax due under this Chapter for each period by the fifteenth day of the second month after the end of each calendar quarter. Returns are due on May 15, August 15, November 15, and February 15 of each calendar year.
- B. The Commission may by form or regulation require that other information, records or relevant documents which it deems necessary for the proper and efficient administration of this Chapter be included with the return, and that the return be signed by a specified person.
- C. No return need be filed by any person who is exempt under § 609, provided that the Office of the Navajo Tax Commission may require such person to file the information necessary to establish its exempt status.
- D. No return need be filed by any person who is claiming a credit under § 610, provided that the Office of the Navajo Tax Commission may require such person to file the information necessary to establish its eligibility for the credit
- E. In the case of the exemption provided for in § 609(A), the filing by a person of a proper Ceertificate of Eexemption with the Office of the Navajo Tax Commission shall constitute a claim for exemption.

613. PAYMENT OF TAX

Payment in full of the taxes owed for a particular period is due on the same date that the completed return for that same period is due. The Office of the Navajo Tax Commission, however, may require payment of any taxes due on a monthly basis.

614. RECORDKEEPING

- A. Each person shall keep all records which pertain to or relate in any manner to all sales from any business activity engaged in at any time by such person. Such records shall be maintained separately for each reporting period during which a person is engaged in business activity.
- B. Records required to be kept must be preserved for seven (7) four years beyond the end of the period to which the records relate.

³7 U.S.C. §2011 et. seq.

⁴42 U.S.C. § 1786

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Replacement Reserve Fund in accordance with a fund management plan approved by the Budget and Finance Committee of the Navajo Nation Council. Monies from those funds will be expended in accordance with the fund management plan. Twenty percent (20%) of the revenue collected shall be deposited into the Judicial/Public Safety Facilities Fund to be appropriated pursuant to a fund management plan approved by the Budget and Finance Committee of the Navajo Nation Council; ten percent (10%) of the revenue collected shall be deposited into the Scholarship Fund to be appropriated pursuant to a fund management plan approved by the Budget and Finance Committee of the Navajo Nation Council; and ten percent (10%) of the revenue collected shall be deposited into the Economic Development Fund to be appropriated pursuant to a fund management plan approved by the Budget and Finance Committee of the Navajo Nation Council.

621. NO CONFLICT WITH LOCAL GOVERNANCE ACT

The provisions of this Chapter and corresponding regulations shall not be construed inconsistently with the Local Governance Act, 26 N.N.C. $\S\S1 - 2008$.

622. SEVERABILITY

If any provision of this Chapter, as amended, or its application to any person or circumstance, is held invalid by a final judgment of a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of the Chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this Chapter are severable.

623. EFFECTIVE DATE

This Chapter shall become effective January 1, 2018 in accordance with 2 N.N.C. § 221(B).

624. REPEALS

All laws or parts of laws (or attachments thereto) which are inconsistent with the provisions of this Chapter are hereby repealed, including, without limitation, any law purporting to waive any right of taxation by the Navajo Nation.



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THE NAVAJO NATION LEGISLATIVE BRANCH INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0111-21__ SPONSOR: <u>Jamie Henio</u>

TITLE: An Act Relating to the Resources and Development, Law and Order, Budget and Finance, and Naabik'íyáti Committees, and the Navajo Nation Council; Amending the Navajo Nation Sales Tax at 24 N.N.C. §601-624

Date posted: July 09, 2021 at 4:27PM

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. *§374 et. seq.*

THE NAVAJO NATION LEGISLATIVE BRANCH INTERNET PUBLIC REVIEW SUMMARY

LEGISLATION NO.: 0111-21

SPONSOR: <u>Honorable Jamie Henio</u>

TITLE: An Act Relating to the Resources and Development, Law and Order, Budget and Finance, and Naabik'íyáti Committees, and the Navajo Nation Council; Amending the Navajo Nation Sales Tax at 24 N.N.C. §601-624

Posted: <u>July 09, 2021 at 4:27 PM</u>

5 DAY Comment Period Ended: <u>July 14, 2021</u>

Digital Comments received:

Comments Supporting	None
Comments Opposing	None
Comments/Recommendations	None

Legislative Tracking Secretary Office of Legislative Services

07/15/21; 10:00 AM

Date/Time

RESOURCES AND DEVELOPMENT COMMITTEE 24th NAVAJO NATION COUNCIL

THIRD YEAR 2021

COMMITTEE REPORT

Mr. Speaker,

The RESOURCES AND DEVELOPMENT COMMITTEE to whom has been assigned:

LEGISLATION # 0111-21: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT, LAW AND ORDER, BUDGET AND FINANCE, NAABIK'IYATI COMMITTEES AND THE NAVAJO NATION COUNCIL; AMENDING THE NAVAJO NATION SALES TAX AT 24 N.N.C. §§601-624. Sponsor: Honorable Jamie Henio; Co-Sponsor: Honorable Jimmy Yellowhair

Has had it under consideration and reports a DO PASS with no amendments

And thereafter the legislation was referred to Law and Order Committee.

Respectfully submitted,

Rickie Nez, Chairperson

Resources and Development Committee of the 24th Navajo Nation Council

Date: July 28, 2021 – Regular Meeting (Teleconference)

Meeting Location: (RDC members called in via teleconference from their location within the boundary

of the Navajo Nation.)

Main Motion:

Motion: Wilson C. Stewart, Jr. S: Herman M. Daniels V: 4-0-1 (CNV) In Favor: Mark A. Freeland, Wilson C. Stewart, Jr., Kee Allen Begay Jr., and Herman M. Daniels

Excuse: Thomas Walker, Jr.

Not Voting: Presiding Chairperson Rickie Nez

(NOTE: VOTE TALLY attached hereto)

RESOURCES AND DEVELOPMENT COMMITTEE 24th Navajo Nation Council

THIRD YEAR 2021

ROLL CALL VOTE TALLY SHEET

LEGISLATION # 0111-21: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT, LAW AND ORDER, BUDGET AND FINANCE, NAABIK'IYATI COMMITTEES AND THE NAVAJO NATION COUNCIL; AMENDING THE NAVAJO NATION SALES TAX AT 24 N.N.C. §§601-624. Sponsor: Honorable Jamie Henio; Co-Sponsor: Honorable Jimmy Yellowhair

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Not Voting: Presiding Chairperson Rickie Nez

Honorable Rickie Nez, Presiding Chairperson Resources and Development Committee

Shammie Begay, Legislative Advisor

Office of Legislative Services

THE NAVAJO NATION LEGISLATIVE BRANCH INTERNET PUBLIC REVIEW SUMMARY

LEGISLATION NO.: 0111-21

SPONSOR: Honorable Jamie Henio

TITLE: An Act Relating to the Resources and Development, Law and Order, Budget and Finance, and Naabik'íyáti Committees, and the Navajo Nation Council; Amending the Navajo Nation Sales Tax at 24 N.N.C. §601-624

Posted: July 09, 2021 at 4:27 PM

5 DAY Comment Period Ended: July 14, 2021

Digital Comments received:

Comments Supporting	None	
Comments Opposing	None	
Comments/Recommendations	1) Heather Fleming, Change Labs	

Legislative Tracking Secretary
Office of Legislative Services

Date/Time



August 2, 2021

Re: Request to table Legislation 0111-21

Dear Honorable Delegates of the 24th Navajo Nation Council,

Shí éí Heather Fleming yinishyé and I'm a member of the Navajo Nation and also the Executive Director of Change Labs in Tuba City. Change Labs is a Navajo-led organization committed to supporting Native American entrepreneurs and small business owners across the Navajo Nation. We provide modern workspace, business equipment and tools, resources, and business coaching to small business owners and entrepreneurs who want to start and grow a business. Change Labs also runs a research and data initiative that documents the state of doing business on the Navajo Nation relative to 190 countries around the globe.

Change Labs is also a member of the <u>Navajo Entrepreneurship Coalition</u> (NEC), which includes the Dineh Chamber and ACES School, which advocates for increased collaboration between our elected officials and our Diné people to create policies and laws that benefit all.

I recently became aware of Legislation 0111-21, which would allow the Navajo Tax Commission to set a maximum sales tax rate of 10%. Based on Change Labs' deep knowledge of the Navajo small business community, I am writing to you and our other elected leaders to consider the financial impact on the Navajo small business community and the Navajo Nation economy as a whole. Based on our research, the community of Navajo sole proprietors and other small businesses make a significant contribution to our economy. Many are already wary of paying taxes since the economic benefit is not transparent. Increasing the sales tax rate over time, without transparency of the benefit of paying taxes and without any attempt to modernize the Navajo Tax Commission with an online payment system, could only encourage more business owners to resist paying taxes.

I call on our leaders to table Legislation 0111-21 so that:

- The NEC can present data that demonstrates the economic impact of Legislation 0111-21 on the Navajo small business community and whether or not the small business impact neutralizes the proposed economic benefit,
- The Navajo Tax Commission or the NEC can host a public forum with and for the small business community to communicate the key issue and seek solutions with the business community,
- 3) The Navajo Tax Commission or NEC can explore and present alternative solutions that could *incentivize* Navajo business tax payment.

If you have any questions about my request or Change Labs' research on the Navajo business regulatory environment, I would be happy to be of service.

Thank you for your leadership and for your time.

Sincerely,

Heather Fleming

Change Labs

Executive Director

heather@nativestartup.org