

NATIVE AMERICAN BUSINESS INCUBATORS PROGRAM ACT

Promoting Tribal Economic Development – Supporting Native Entrepreneurs

Background

Starting a business is challenging anywhere, but it is often even more challenging in Tribal communities. Native American entrepreneurs must navigate obstacles unique to Indian Country, such as:

- *Regulatory Uncertainty.* Indian Country is subject to a unique body of federal law that governs which sovereigns—the Federal Government, state, or Tribe—regulate a particular activity.
- *Lack of Access to Capital.* Tribal land held in trust status is subject to a federal restriction on alienation, meaning it cannot be sold or mortgaged. This status limits Tribal access to capital because would-be entrepreneurs cannot use trust land as collateral to secure financing.
- *Remoteness.* Many reservations are located in remote areas isolated from workforce and market resources and lacking in important infrastructure such as high-speed internet.
- *Unfamiliarity.* Investors and potential business partners are often unfamiliar with doing business in Indian Country, leading to fewer opportunities for Native entrepreneurs to acquire outside equity investment or loan financing.

Bill Summary

The *Native American Business Incubators Program Act* authorizes **\$5 million** for FY2020 through 2024 to create a competitive grant program in the Department of the Interior's Office of Indian Energy and Economic Development to establish and maintain business incubators that serve Native entrepreneurs and reservation communities. The bill—

- Defines eligible applicants to include Tribes, institutions of higher education (including Tribal Colleges and Universities), and non-profit organizations with a priority given to applicants that support business incubators located on or near a reservation community;
- Specifies a three-year term for grant awards with a maximum of one, three-year renewal;
- Requires grant recipients to provide a nonfederal contribution of at least 25% of their annual award and 33% of an award under a grant renewal; and
- Directs the Department to coordinate with other federal agencies that have business development programs to reduce duplication of federal efforts and ensure grant recipients have the information necessary to inform and assist entrepreneurs with accessing available federal programs.

Support

The National Congress of American Indians, the National Center for American Indian Enterprise Development, the Native American Contractors Association, the Native American Finance Officers Association, and the National Indian Gaming Association all support the *Native American Business Incubators Program Act*.