



Legislative Research Council

MINUTES

Tribal Economic Development Task Force

Representative Don Hagggar, Chair
Crow Creek Tribal Chair Roxanne Sazue, Vice Chair

First Meeting
2014 Interim

LCR 1, State Capitol
Pierre, South Dakota

Tuesday, December 9, 2014

The first meeting of the Tribal Economic Development Task Force was called to order by Representative Don Hagggar at 10:10 a.m. in LCR 1 of the State Capitol in Pierre.

A quorum was determined with the following members answering the roll call: Representative Don Hagggar, Chair; Crow Creek Chairwoman Roxanne Sazue, Vice-Chair; Senators Jim Bradford and Craig Tieszen; Representatives Elizabeth May and Mike Verchio; Former Representative Mark DeVries; Steve Emery, Secretary of the Department of Tribal Relations; Flandreau Santee Sioux Tribe President Tony Reider; Lower Brule Sioux Tribe Chairman Mike Jandreau; Mr. Tuffy Lunderman, Rosebud Sioux Tribe; Mr. Steven Sitting Bear, Standing Rock Sioux Tribe; Ms. Sarah Zephier, Yankton Sioux Tribe. Members excused: Senators Chuck Jones and Bruce Rampelberg; and Representative Kathy Tyler.

Staff members present were Roxanne Hammond, Legislative Attorney; Stephanie Gruba, Fiscal Analyst; and Cindy Tryon, Senior Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC).

An opening prayer was offered by **Mr. Tuffy Lunderman**.

Opening Remarks and Election of Vice Chair

Representative Don Hagggar, Task Force Chair, welcomed everyone to the first meeting of the Tribal Economic Development Task Force. The task force was created by the 2014 Legislature through HB1213. Section 5 of HB1213 reads, *"The task force shall evaluate issues associated with economic development needs, initiatives, and barriers affecting South Dakota's Native American population and South Dakota's Indian tribes and tribal governments. Specifically, the task force shall analyze business and economic sectors and segments having potential for higher levels of success, as well as other possible approaches to improve economic conditions. The task force shall also address workforce availability, including education and skills, related demographics, salary and wage scales, and other issues affecting human resources necessary for the promotion of economic development for this segment of South Dakota's population."*

Representative Hagggar opened the floor to nominations for Vice Chair.

A MOTION WAS MADE BY REPRESENTATIVE VERCHIO, SECONDED BY MR. DEVRIES, TO ELECT TRIBAL CHAIRWOMAN ROXANNE SAZUE AS VICE CHAIR. Motion prevailed on a voice vote.

Tribal Perspectives

Crow Creek Sioux Tribe – Chairwoman Roxanne Sazue reported that the land is the Crow Creek Sioux Tribe's number one resource. They have a casino that employs over 100 people, but does bring some challenges. The unemployment rate on the Crow Creek reservation is 80-90%. They no longer have a college or university on the reservation. There are no vacant buildings, so economic development would have to start from the ground up. She added that health issues are a big problem and IHS has not been funded properly from the beginning. The tribe is now attempting to work with Horizon.

There is a shortage of homes and it would be good to get something similar to the Governor's Houses program up and running. It is vital that we look at the needs of the people such as shelter, food and clothing.

Chairwoman Sazue said that the North Dakota Legislature and the North Dakota Tribes work well together and she would like to see that same working relationship in South Dakota. She said that this task force may be the start of developing that relationship.

Standing Rock Sioux Tribe – Mr. Steven Sitting Bear, External Affairs Director for SRST, pointed out that the Standing Rock Sioux Tribe is the only reservation that falls within the boundaries of both North and South Dakota. They are primarily an agricultural community with most of the land used for grazing. The unemployment rate hovers between 70 and 80%.

Mr. Sitting Bear said that they need to find a way to instill self-sufficiency within the people on the reservation. The people now are dependent on the tribal, state, and federal governments and that dependency needs to be broken.

Mr. Chad Harrison, Tribal Planner, SRST, pointed out that SRST is fortunate to have a college in Fort Yates, Sitting Bull College. The Tribe also has two casinos from which the profits are used to fund social programs. Infrastructure is a major issue for SRST, and needs developing.

Mr. Sitting Bear explained that getting UCC codes established is the first step in the SRST Economic Development Act and they are in the process of getting that completed. He pointed out that a large barrier they face is that people living on the reservation can have the best credit rating, but lenders will not finance projects on the reservation. SRST is working with the State of North Dakota to establish a fund that will be available as loans for housing on the reservation.

Rosebud Sioux Tribe – Mr. Tuffy Lunderman, Board Member of the RST Economic Development Committee (REDCO), credited the Rosebud Sioux Tribe Chair for having the vision to allow REDCO to work on economic development for the tribe without constraints. The REDCO Board is able to analyze things and make good decisions for the tribe.

The Rosebud Sioux Tribe has one public school and one BIA school. According to Mr. Lunderman, the BIA school has to teach how and what the federal government tells them or they will lose their funding. Rosebud also has the Sinte Gleske University, which is one of the most successful tribal universities in the country. One reason for their success is that the President of the University has been there for 42 years.

The Rosebud Sioux Tribe does have a casino that employs about 200 people. The casino was built with the intention of bringing new dollars to the reservation rather than recycling tribal dollars. However, the tribal members then complain that the casino is catering “to the white guy”. The casino also needs to improve their marketing.

A major issue the Rosebud Sioux Tribe is facing is housing. Many houses have been boarded up, and habitable houses have multiple families residing in them.

Mr. Lunderman reported that the biggest obstacle they have regarding economic development on the Rosebud Sioux Reservation is drugs. The tribe needs help from federal and state law enforcement in addressing this issue. Thirteen dwellings were recently tested, and 3-4 of them were rampant with meth. The drugs have to get to the reservation and additional help from law enforcement in Nebraska and South Dakota could help stop some of the drugs getting through.

Healthcare is also a big issue on the reservation. Four years ago, there was a suicide epidemic and the tribe is beginning to recover from that, but there are still a lot of suicides on the reservation. It would be helpful to the tribes if the state would expand Medicaid, and if the state would advocate for the tribe when the tribe is addressing health issues with the federal government.

Mr. Lunderman said that even with all the issues the tribe is facing, a lot of good is happening and he hopes it will continue.

Flandreau Santee Sioux Tribe – President Tony Reider said that he agrees with Mr. Lunderman’s comments regarding the state advocating for the tribes in regard to requests the tribe makes to the federal government.

President Reider said that the Flandreau Santee Sioux Tribe has an economic development committee working on establishing a holding company. He added that the tribes are in competition with each other in regard to economic development and therefore do not want to give away all their plans and ideas regarding development. The state should be more willing to assist the tribes with economic development, because success does not just benefit the tribe but benefits the state as a whole.

President Reider reported that revenues from the Royal River casino in Flandreau are down 43% and the tribe is working to find ways to fill the holes left by that loss of revenue. They continue to downsize and make cuts to address that issue.

Lower Brule Sioux Tribe – Chairman Mike Jandreau commented that much of what Mr. Lunderman had to say applies to all the reservations. In regard to economics, the Lower Brule Sioux Tribe has tried taking some different directions and has developed some very strong and positive projects, such as the tribal farm.

Many people see the tribes as causing problems rather than benefitting the state, and that is wrong. Dollars from those living on the reservations flow into surrounding communities. We need to educate the public regarding our contributions.

It is very difficult for tribal members to access capital and opportunity. To be successful in changing that attitude, we have to convince people that we can make and keep guarantees. It is far past the time that we can afford to continually mistrust each other – we all live here. It can be as simple as having the courage to trust one another.

Chair Jandreau continued saying that whenever the tribe makes an acquisition there appears great mistrust. The tribe is not out to get other people, but merely out to help the tribal people by giving them opportunities to succeed.

Chair Jandreau agreed with the previous speakers in that the state could be of assistance by advocating for the tribes with the federal government.

Yankton Sioux Tribe – Ms. Sarah Zephier, ADA Director, said that there is a treatment center in Wagner. The Yankton Sioux Tribe has a casino and a school, with the casino being the largest employer and the school being the second largest employer. They also have a transit system that runs from Wagner to Lake Andes.

Ms. Zephier said that the Yankton Sioux Tribe also has a shortage of housing. Many houses have been boarded up and the people who worked on boarding them up became ill due to the health hazards.

Ms. Germaine Tremmel, Elder, Yankton Sioux Tribe, Lake Andes, has been a business owner, teacher, lawyer, and a veteran of the first Desert Storm. Ms. Tremmel pointed out that one issue that must be addressed when working on economic development is discrimination. There are ways to take care of these things – we have to have respect on both sides: we have to be understood as human beings rather than as a political entity.

South Dakota Department of Tribal Relations, Mr. Steve Emery, Secretary, pointed out that this is a historic time in that the tribes and the state are sitting together and working on issues, even beyond this task force. He added that there are trust issues, but getting to know each other is a first step in moving forward.

The tribes need to develop better UCCs, as it is important to have codes that can be enforced. Without enforceable laws in code, businesses will be reluctant to open on the reservations.

Mr. Emery added that agriculture is a big opportunity for the tribes.

Chairman Jandreau said that the Dean of Agriculture at SDSU is from Rosebud and is offering some great opportunities to the tribes. The Chairman added that a lot can be done in agriculture without a tremendous amount of financial investment.

Governor's Office of Economic Development (GOED)

Ms. Kim Easland, Director of Finance, GOED, distributed the document, "Economic Development Finance Programs" (**Document #1**). Ms. Easland went through the document and explained the programs that GOED has available. She pointed out that GOED has contracts with the Planning Districts and each tribe can work through the planning district in their area.

Ms. Easland also distributed information regarding the Indian Community Development Block Grant Program (ICDBG) (**Document #2**). GOED does not administer this program, but does distribute the information to the qualifying entities. The ICDBG program provides eligible grantees with direct grants for use in developing Indian and Alaska Native Communities, including decent housing, a suitable living environment, and economic opportunities, primarily for low and moderate income persons. The program averages about \$5 million per year in grants. ICDBG does have a manual available through their website that can assist in writing grant applications for this program.

One of the programs offered through GOED is the Revolving Economic Development and Initiative (REDI) Fund. **Senator Jim Bradford** commented that he tried to use the REDI Fund about ten years ago and found the application process far too difficult.

Ms. Easland said that GOED does contract with small business centers to help with completion of the applications. She added that those applying to the REDI Fund must have a business plan. The rules for applying for the REDI Fund are in policy, not set by statute.

Representative Elizabeth May asked if the REDI Fund application could be revised through statute. Ms. Easland said that it could but added that many changes have been made to the application process over the past ten years through policy. Representative May pointed out that the application is still 15 pages in length.

Flandreau Santee Sioux Tribe President Tony Reider asked if the state would be interested in seeing what opportunities are out there for and working with the tribes. Ms. Easland said that she would pass that request on to Mr. Jeff Eckhoff, Director of the SD Small Business Development Center.

Uniform Commercial Code Primer

Secretary of State Jason Gant talked to the task force about Uniform Commercial Codes that are used by nearly all states to help establish priority for creditors when considering making loans. The overall objective of the UCC is to protect both parties involved in the lending process.

The Secretary of State's office has agreements with the Cheyenne River Sioux Tribe and the Oglala Sioux Tribe for providing the software and filing the documents regarding UCC laws giving creditors required guarantees, while making sure they comply with the code. The forms for the tribes are just like the state forms except the tribal logo is found at the top of the form rather than the state seal. When customers use the online system, they select *State*, *Oglala Sioux*, or *Cheyenne River Sioux* to get the correct form.

The first agreement was with the Cheyenne River Sioux Tribe in 2000, and the next was with the Oglala Sioux Tribe in 2008 with an update agreement signed in 2011. The Secretary of State's office encourages all tribes to consider using this system. There is no cost to the tribe to use this system and they do not give up any control, they are merely using the state's software and filing forms. The Secretary of State just files the documents, all tribal laws and rules still apply to any financial deals. There are Memorandums of Understanding with each tribe, and a sample of an MOU can be requested from the Secretary of State's office.

Mr. Sitting Bear said that the Standing Rock Sioux Tribe has its court in North Dakota but 2/3 of the reservation is in South Dakota. He asked if there was any way to set up a process for that tribe to use South Dakota's UCC system. Secretary of State Gant responded that the Attorney Generals in North and South Dakota would have to look at the proposal and decide if it is legal or not. Then the Secretaries of State would have to work together to find a way to make it work. If they could get this accomplished, it would help the tribe better answer questions from lenders.

Mr. Sitting Bear asked if any of the tribal filings have been disputed. Secretary Gant said that there have been 300 tribal filings, but his office is not involved in the dispute process. There are always disputes, but the Secretary of State's office is strictly a filing agency.

Representative Haggar asked if most financial institutions require some type of UCC filing and Secretary Gant said that most financial institutions do have that requirement.

Chairwoman Sazue said that it is important to educate the tribal members on these changes that need to be made to get businesses to open in tribal communities. Secretary Emery suggested looking at tribes that have been successful and the process they used rather than reinventing the wheel. Perhaps this task force could invite representatives of successful tribal businesses to speak about how they were able to make it work.

Department of Labor and Regulation

Ms. Marcia Hultman, Secretary, Department of Labor and Regulation, talked to the task force about some of the programs her agency works with such as workforce development and unemployment insurance. Workforce development has been identified by the state as a top priority. Workforce summits were held throughout the state and some of the target populations being focused on are veterans, retired people, individuals residing on the reservations, and displaced homemakers. It is important to help these people get the skills needed by the employers today, such as office etiquette, welding, and more.

The Department of Labor is working with some of the tribes in establishing pilot programs. For example, Pierre is in need of employees for the new Menards business that will be opening soon, so the Department of Labor is developing partnerships with the Crow Creek Sioux Tribe and the Lower Brule Sioux Tribe to facilitate getting those who want to work to Pierre to fill the available positions.

Representative Mike Verchio said that many are frustrated with the CTE program in the state. The state seems to be focused on insisting workers have at least an associate's degree when most people just want to work; they don't have the time or money to get a two-year degree before going to work.

Secretary Hultman said that the state does offer a National Career Readiness Assessment that informs individuals what their skill sets are and what additional training they may need to be qualified for their trade of choice. There are many occupations where you do not need an associate's degree.

Mr. Sitting Bear stated that during the 2014 legislative session in North Dakota, a grant program was set up for the five tribes in North Dakota. The tribal colleges worked together in setting up workforce development options where each tribe concentrates on a different course of study and all was funded by the state.

Mr. Lunderman added that the businesses that REDCO is considering for the Rosebud Sioux Reservation will need to have on-the-job training; not everyone is cut out for college.

Ms. Hultman added that there are different types of assessments offered by the department. For example, one assessment checks for career interest, another for dexterity. The Department also offers youth programs and mentoring programs hoping to help our youth find that first job.

Public Testimony

Ms. Kathy Lucas, Pierre, said that she has seen a lot of progress in race relations over the past 25 years and after seeing the task force today, she is optimistic. She added that she hopes these types of relations will spread across our country.

Committee Discussion

Mr. Sitting Bear related that some of the Standing Rock Sioux Tribe members went through the DeMaND program, which is an accelerated training program through the United Tribes Technical College to help get students into the workforce faster. Those that went through the program and then

on to work in the oil fields all eventually quit work to return home. They said that the high cost of living in the camps and the lengthy time away from their families meant that there was no benefit to them to work. The social programs are more beneficial to them than a job. Once the family starts to make money, they lose their income assistance homes. It is easier to stay on the social programs than to try to make it on their own. This is just one of the challenges in workforce development.

Representative May commented that the government needs to do something about people losing financial assistance once they start to get on their feet.

Mr. Luderman said that race-relations is another issue that needs to be addressed. He added that the young people's self-esteem has taken a beating and they can't take much more. Mr. Luderman continued by saying that the XL pipeline will not benefit the tribe at all. He added that the state issues water permits for water that is a part of tribal land.

Chairwoman Sazue said that we all need water to live and that teachings have been passed down that water is sacred. When a pipeline is buried in the ground it will harm the water.

Senator Bradford said that it means a lot that so many tribal chairs, presidents, and representatives were able to attend the task force meeting. People who believe in stereotypes need to get to know the people seated around this table. Senator Bradford continued saying that we are not here to take things over but to learn to walk on the same level.

Representative Hagggar said that we are taking on a task which a lot of people view very cynically. He continued saying that we have to believe that things can change, that things need to change. Great things happen when people try to do hard things.

Representative Hagggar announced that the next task force meeting will be sometime in late March or early April. He would like to meet twice more before the end of June and then three more times between the end of June and the end of 2015.

Adjournment

SENATOR TIESZEN MOVED, SECONDED BY REPRESENTATIVE VERCHIO, TO ADJOURN. The motion prevailed unanimously on a voice vote.

The committee adjourned at 3:30 p.m.

This meeting is being held in a physically accessible location. Any individual needing assistance, pursuant to the Americans with Disabilities Act, should contact the Legislative Research Council (605-773-3251) in advance of the meeting to make further arrangements.

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