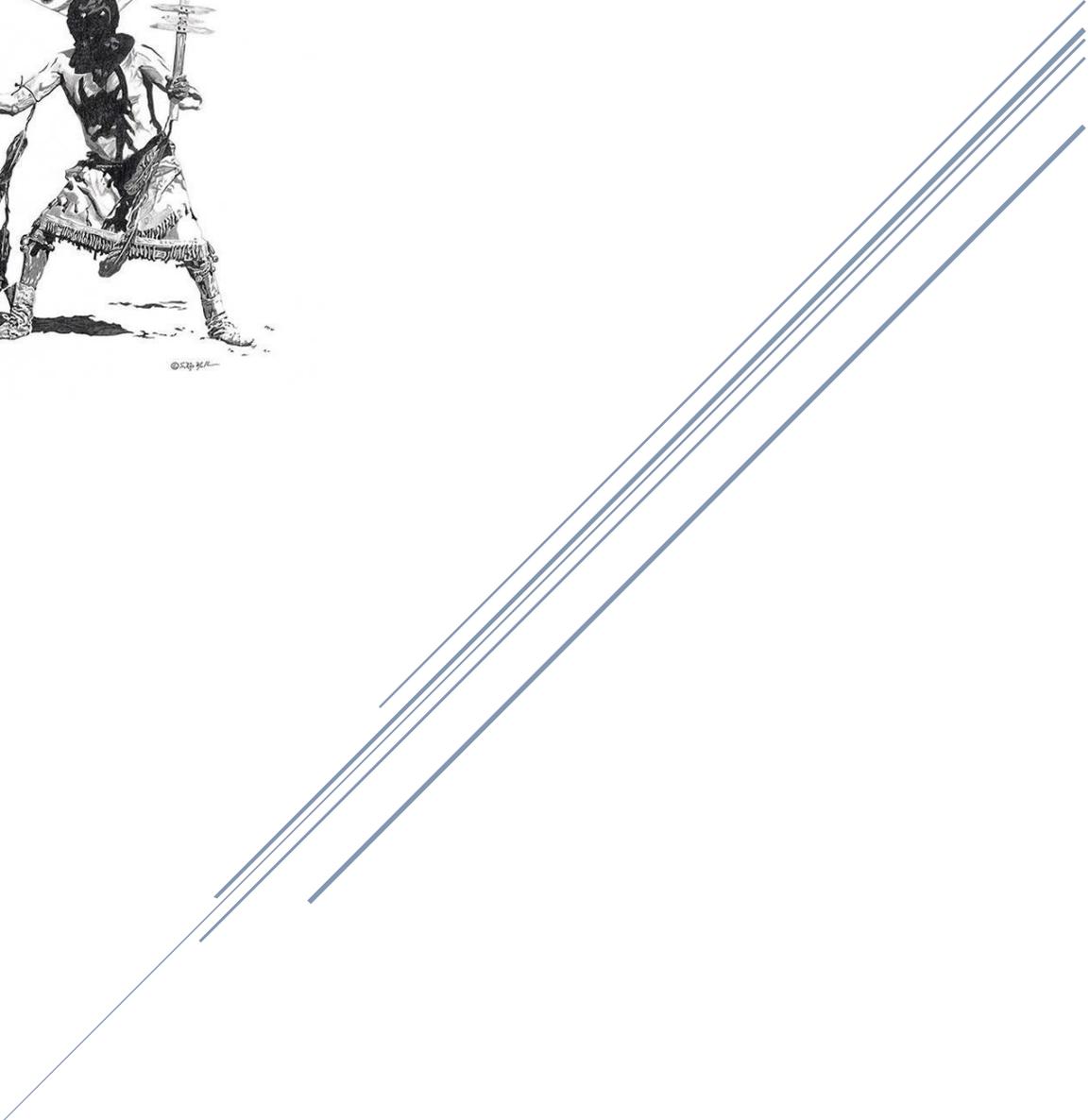


CHAMBER OF COMMERCE
APACHE NATION RESERVATION
SAN CARLOS, AZ



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Apache Economic Engine

The Apache Nation Chamber of Commerce vision is:

To Create environments that ensure the greatest opportunity to succeed, and to become self-sufficient for Indigenous and all communities.

The Apache Nation Chamber of Commerce is defining an integrated strategy and a means of implementing the strategy. The substance of the strategy is to establish measure and sustain a viable financial performance for the San Carlos Apache Nation reservation AZ.

Regulatory Advantages Accessible When Doing Business with Apache

The Apache Nation has treaties and free trade corridors with a number of countries, including the United States of America. The Apache have literally traded around the globe. The Apache operate from a position of engaging with Trust and business partnership. They have done so with civilizations such as the Mayans and others which have come and gone in the timelines of world history.

There are a number of competitive advantages available to investors and businesses partnering with the Apache members and Apache owned businesses. Businesses that fully appreciate the uniqueness of working with Apache can prosper in Indian country. The Apache Nation Chamber of Commerce can help guide that business success for federal, enterprise and non-profit alike.

- The San Carlos Apache Nation Res is not burdened by collections of old and contradictory regulations. The Res follows a pattern of stewardship common sense and safety.
- Tribal nations are generally exempt from local, county, and state zoning and land-use restrictions and state permitting requirements.
- Tribal nations can structure product liability laws for its courts to cap liability for concerns that might require this type of protection.
- Like any government-owned entity, tribal entities and tribal enterprises can be exempt from federal and state income taxes. If a business entity is formed between a tribe and a non-tribal company, the portion which is owned by the tribe (or the tribal corporation) is in most cases exempt from federal and state income taxes.
- Most tribes do not have their own sales taxes. In addition, most states have exemptions from state sales taxes for sales to government entities such as the native American tribes.
- If the land is located on the Indian reservation and is owned by the tribe in "trust," then the land is not subject to state property taxes.
- Tribal trust lands and tribal improvements on such lands are exempt from state taxation. Tribes can take additional regulatory steps to provide non-tribally owned improvements the same exceptions.
- New markets tax credits are available for investors that make capital investments on Indian reservations, providing tax credits of up to 39 percent of the entire amount of the investment. The tax credit is spread over seven years, 5 percent of the investment for the first three years, and 6 percent of the investment amount can be claimed the next four years.
- Employers can receive a tax credit of up to 20 percent of wages and health insurance for qualified employees living on Indian reservations.

Property of the San Carlos Apache Nation Chamber of Commerce

- Businesses can claim depreciation at twice the normal rate for locating equipment and buildings on tribal land.
- Because of the unique treaty responsibilities of the U.S. Bureau of Indian Affairs (BIA), the BIA has the authority to give preferences to Indian and tribally-owned companies in its procurement contracts.
- Preferences for Indian reservation based businesses (HUBZone Preferences). If a small business is located on Indian lands and 35 percent of its employees reside on the reservation, the company is eligible for HUBZone preferences in the awarding of federal contracts. Benefits include competitive and sole source contracting and a 10 percent price evaluation preference in full and open contract competitions.
- With the HUBZone program foreign investors receive American visas in return for investments that create 10 new jobs. Generally the investment required is \$1 million. In rural areas and areas of high unemployment, which includes many Native American reservations, the investment required is \$500,000.
- There are annual IRS allocations available for tribes to issue governmental bonds which are tax exempt for investors. Bond proceeds that are used for projects must be located on tribal lands, provide essential governmental functions, and not involve gaming, but otherwise the bonds are quite flexible.
- The USDA provides low interest loans directly, and some grants, for tribal governments to build essential community facilities in rural areas (which includes the San Carlos Apache reservation). Eligible facilities include: hospitals, clinics, airport hangars, child care centers, fire departments, police stations, prisons, schools, and local food systems.
- The USDA provides loan guarantees ranging from 60-80 percent of a privately financed loan. The business must be located in a rural area (less than 50,000 inhabitants), for which the San Carlos Apache reservation qualifies. The loan guarantee can be used for: business conversion, land, rights-of-way, buildings, equipment, inventory, and debt refinancing and business acquisitions when it saves or creates jobs.
- Tribes can obtain a loan guarantee from the Bureau of Indian Affairs for up to 90 percent of a private loan. The business must be located on or near an Indian reservation and must contribute to the economy of the reservation. The tribe must have at least 20 percent equity in the business. The loans may be used for a variety of purposes including operating capital, equipment purchases, business refinance, building construction, and lines of credit.
- Any firm owned 51% or more by the Apache is presumed to be socially disadvantaged without formal explanation (per requirement of 124.112(b)(2)).
- Qualified investments in tribal economic development ventures, made through CDEs, allow the investor(s) tax credits equal to 39 percent of the investment allocated over a seven-year period.

Employment Tax Credits

The native American employment credit provides non-Indian businesses with an incentive to hire Indians who live on or near the reservation. A \$20,000 tax credit is available to such businesses each tax year for every "qualified employee" that is paid "qualified wages."

A qualified employee must: 1) be an enrolled member of an Indian tribe or the spouse of a tribal member, 2) perform substantially all of his or her services for the business on the reservation, and 3) reside on or near the reservation. Qualified wages are any wages the business pays or incurs for services performed by a qualified employee, including health insurance costs. Thus, a non-tribal company that situates a business facility on the reservation could be eligible for sizeable employment tax savings annually.

Accelerated Depreciation

Non-Indian manufacturers with facilities in Indian country can use shorter recovery periods when calculating depreciation deductions for its production equipment. "Qualified Indian reservation property" must be used

Property of the San Carlos Apache Nation Chamber of Commerce predominately in the active conduct of a trade or business on a reservation, and must be a 3-, 5-, 7-, 10-, 15- or 20-year property or non-residential real property.

- "Qualified infrastructure property" that is located off-reservation but is connected to qualified infrastructure within the reservation, is also eligible for shorter recovery periods. Power lines, water systems and telecommunication facilities are examples of qualified infrastructure
 - Because the shorter recovery periods for qualified Indian and infrastructure property are in addition to the normal expense deduction of up to \$100,000 for such assets, the depreciation tax savings to non-Indian manufacturers could also be significant.

Free Trade Zone

- The Apache have status as a Foreign Trade Zone ("FTZ"). The Apache have the ability to defer the payment of duties on imported merchandise until the imported merchandise leaves the foreign trade zone and enters the commerce of the United States. These lower duty rates could entail significant cost savings for manufacturers or assemblers of products in which the component part has a higher duty rate than that of the completed product.
 - All major U.S. automobile manufacturers currently use the inverted tariff rules to achieve significant cost savings by assembling many of their automobiles in foreign trade zones.
- FTZs avoid quota restrictions on goods imported from outside the United States.
- Businesses involved in international trade that locate on a reservation designated as a FTZ could defer, reduce or, in some instances, eliminate U.S. Customs duties on products imported or exported through the reservation regardless how long the products were in the FTZ.
- State and local ad valorem taxes cannot be imposed upon imported tangible personal property stored or processed on the reservation FTZ, or produced in the U.S. and held in the FTZ for exportation in its original or processed form.
- FTZ businesses avoid per-shipment customs processing fees ranging from \$25 to \$485, in favor of a \$485 "weekly entry" fee that is imposed irrespective of the number of shipments.
- The Apache have access to a deep water port on the East Coast of the United States.
- Goods destined for reservations can be sold duty free. And, of course, all the tribes claim immunity from income tax, corporation taxes and virtually all the other taxes required of businesses and government entities. The Apache reservation is essentially a little off-shore tax haven that happens to be on-shore.

Discounted Leasing Rates

Tribal trust lands and improvements are exempt from state taxation. As such, typical pass-through lease costs such as real property taxes can be significantly minimized, if not eliminated, to the benefit of non-Indian commercial lessees. A non-Indian company's leasehold interest in trust lands may also be exempt from state excise taxation.

State / County Land Use Exemption

If a non-Indian company sought to build a facility on trust lands, the development would be exempt from local, county and state zoning and land-use restrictions, and state permit requirements.

Tax Planning Opportunities

Indian tribes are treated as sovereign states and are, therefore, exempt from many taxes and eligible for certain loan programs. There are no tribal corporate income taxes, nor is an inventory tax assessed on goods held for resale. There may be a sales tax exemption for machinery and equipment used directly in the manufacturing process and reduced real estate assessment taxes on real estate leasehold interests.

Sovereignty

Sovereignty enables the Apache to establish their own rules and regulations. The Apache are free to establish their own EPA laws in compliance with federal EPA regulations, to establish their own product liability limits for manufacturers, and to self-insure. The ability to self-insure allows the Apache to offer business persons the advantages of avoiding participation in state unemployment insurance and worker's compensation programs.

Apache structured business enterprises are not subject to federal income tax and qualify for certain other benefits under federal tax laws. These significant tax benefits available to Apache might be shared with non-tribal investors/ business partners. These benefits can be used to reduce the overall cost associated with the investment. Apache have broad immunities from state taxes for business done on reservations, but face controversies regarding the state government's authority to collect taxes on non-native Americans within Indian country and the scope of any tribal responsibility to assist state government.

Labor Laws

In terms of the labor laws that apply to America at large, many or all may not apply on tribal lands in certain circumstances.

Title VII, 42 U.S.C. § 2000e(b) and the Americans with Disabilities Act 42 U.S.C. §§ 12101-12213 expressly exclude Indian tribes from certain labor and employment matters. Arizona Revised Statute § 41-1464 expressly exempts native tribes from the state's discrimination laws. Tribal officials are immune from lawsuit arising from alleged discriminatory behavior, so long as they acted within the scope of the tribe's authority. Likewise, state discrimination laws usually do not apply to tribal employers.

The Ninth, Seventh and Second circuits have applied OSHA, ERISA and NLRA to tribes, reasoning that such statutes of general applicability govern tribal employment activity because Indian tribes are not explicitly exempted from the laws. Nevertheless, state labor laws and workers' compensation statutes generally remain inapplicable to tribal businesses.

There is specific legislation or treaties for some tribes that definitively prevent labor laws applying to tribal lands. With proper planning and structuring, industries that were being lost to other countries may be repatriated to American tribal lands. Once these industries come to native America, appropriate quality monitoring and the stable investment environment of tribal lands should ensure these industries prosper and endure.

Strategic Alliances

The Apache Nation Chamber of Commerce looks to establish strategic alliances to grow Trade as well as business partner and native American business. Contact the San Carlos Apache Nation Chamber of Commerce, P.O. Box 1240, San Carlos, Arizona 85550, or telephone Charles Vargas, Director, (928) 475-2579.

187 Year History of San Carlos Reservation

San Carlos Reservation

The San Carlos Apache Indian Reservation was established December 14, 1872. The San Carlos Apache Nation has a poverty level of 77 percent, compared to 15% with the State of Arizona. 76 Percent of the reservation population is unemployed compared to the national unemployment rate of 5.7% and the state of Arizona rate of 5.3%. There are approximately 2,400 families in need of homes. 39 Percent of families live in substandard housing and 40% of families live in overcrowded conditions.

The San Carlos Apache membership of Apache includes military veterans, crafts workers, artists, entrepreneurs, teachers, Geronimo Interagency Hotshot Crew, historians, licensed and certified building trades.

The BIA and Tribal Council

Charles Vargas created the Apache Nation Chamber of Commerce. The Chamber operates to develop and support business growth on and outside the reservation. The Tribal Council operates for the interests of the BIA and parts of the US federal government, created originally to distribute US aid to the reservation's captives.

The BIA installed the tribal council to execute the government's need to control natural resources that comprise the wealth of the nation that owns the natural resources.

Annual BIA budgets working with the Tribal Council result in an outcome which lacks the funds necessary to provide proper infrastructure and traditional institutions necessary to support the Apache community. Projects are started in one year, hire and spend substantially from off the reservation and outside the community. After a century and a half of BIA and Tribal Council oversight and support, the continued shortfall of proper funding and practical interest required to complete and sustain programs and projects is failed by the annual budget cycle.

This is the history of BIA funding and tribal council synergy. The membership is 77 percent in poverty while the membership holds sovereign title to abundant natural resources including copper, silver, gold, uranium, coal, water and wind that are being stripped away from the Apache Nation.

Like so much of the history of government on reservations, most Native American tribal councils thereupon have no particular success increasing the tax base for the benefit of the native American communities. The tribal councils create income to run their government office and associated lifestyles off the reservation. They fail to provide effective governmental services benefiting the membership confined for many reasons to the reservation property.

Tribal land held in "trust" is not taxable. High tribal unemployment rates guarantee no opportunity for economic mobility and freedom. Many tribal councils foster and sometimes own a wide variety of businesses (casinos, gas stations, hotels, etc.) in order to generate private revenue streams for their position in governmental services.

Social Responsible Investing

All profits of a tribal government-owned corporation go back into the business after portions are taken by the tribal council and government's budget. The Apache have been subjected to poverty and high unemployment over a century. The membership welcomes economic opportunities to work and contribute. The Chamber of Commerce vision facilitates outside investment. While politics in tribal government-owned corporations go toward the economic empowerment of the tribal council, the Apache Nation Chamber of Commerce facilitates opportunities including "sweat equity" contributions involving the Nation's historically disadvantaged people.

Education¹

The San Carlos school district (mostly San Carlos and Peridot communities) currently includes 1350 total Tribal students at the primary and secondary levels at the following schools: Globe school district, 480; Miami School district, 75; Excel Alternative School, 62; and Fort Thomas school district (Bylas community and western Graham county), 512. Other private elementary schools also exist in San Carlos and Bylas. In 2003, the Adult Education program had 106 students receiving assistance, with 10 completing their GED. Also, in 2003, 50 students funded by the Job Training and Placement Program (44 in training and 6 in direct employment) were enrolled, and historically, over 74 percent of those involved in this program will find employment within 5 years of completing their training.

¹ Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, James A. Christenson, Director, Cooperative Extension, College of Agriculture & Life Sciences, The University of Arizona.

Renewable Energy Production Economy

Ndeh Energy will support the residential stakeholders. Each residence is capable of generating excess renewable energy. The unused energy can be used to support local industry, employment, learning building trade skills, as well as maintain and stabilize economic sectors such as IT, Apache Cloud, furniture and fabrication manufacturing of quality homes.

San Carlos Rez and the additional four million surrounding reservation acres provide extensive energy resources ranging from coal to natural gas, to yellowcake. Renewable energy includes wind, solar, and hydro.

Solar

San Carlos resources are currently used to provide commercial power for Arizona. There is enough reservation property to construct solar and wind farms, and stay off grid. San Carlos has the opportunity to support solar and wind renewable energy projects, and supporting technology.

Possible Solar thermal data point: 13kW delivered per day per person. Possible Solar photovoltaic data point: 10m² of 20% efficient panels could deliver 5kWh per day per person.

Wind

Wind turbines with a lifetime of 20 years can have an energy yield ratio of 80.

San Carlos has land based wind. There is enough property on the reservation to construct a wind farm. A wind speed of 6 m / s (13 miles per hour) would generate about 2 W / m² per unit of wind farm.

Strategic Apache Relationship FAQ ²

Q. What is “Indian country?”

- "Indian country" is defined in 18 U.S.C. § 1151 as including (1) federal reservations, whether created by statute or Executive Order, including fee land, (2) dependent Indian communities, (land that is neither a reservation nor an allotment which has been validly set aside for the use of the Indians as Indian land, and under the superintendence of the government); and (3) Indian allotments to which title has not been extinguished.
- Although not specifically mentioned in section 1151, Indian country reservations land owned by the native Americans is held in trust by the United States for a tribe or individual Indian is also accorded Indian country status.

Q. Who is an Indian?

- When describing descendants of the indigenous peoples of what is now within the borders of the United States, the term “Indian” is the actual legal term used in federal law.
- Each tribe has the sovereign authority to define who their members are and who is eligible to be enrolled.

Q. What is the legal status of American Indian tribes?

- When the governmental authority of tribes was first challenged in the 1830's, U. S. Supreme Court Chief Justice John Marshall articulated the fundamental principle that has guided the evolution of federal Indian law to the present: *Tribes possess a nationhood status and retain inherent powers of self-government.*

Q. What is a federally recognized tribe?

- A federally recognized tribe is an American Indian tribal entity that is recognized as having a government-to-government relationship with the United States, with the responsibilities, powers, limitations, and obligations attached to that designation. It is also eligible for funding and services aid from the United States Bureau of Indian Affairs.
- Federally recognized tribes possess certain inherent rights of self-government (i.e., tribal sovereignty) and are entitled to receive certain federal benefits, services, and protections because of their special relationship with the United States.

Q. How big is Indian country?

- Approximately 56.2 million acres are held in trust across the United States for various Indian tribes and individuals.
- Indian country represents approximately 52 percent of the hard mineral assets underwriting the value of the United States.
- There are approximately 326 Indian land areas in the U.S. administered as federal Indian reservations (i.e., reservations, pueblos, Rancherias, missions, villages, communities, etc.), including a deep water port.
- The Apache Nation Reservation is 1.8 million acres (2,900 square miles) (7,500 km²) placed in Arizona. The San Carlos Lake was formed by the construction of Coolidge Dam and is the second largest body of water in Arizona. The reservation is the tenth-largest Indian reservation in land area with desert, alpine meadows, and Ponderosa Pine forest.

² BIA, WIKI and Google

Q. What is meant by tribal self-determination and self-governance?

- Congress has recognized the right of tribes to have a greater say over the development and implementation of federal programs and policies that directly impact them and tribal members. Congress accorded tribal governments the authority to administer themselves the programs and services provided by the United States (similar to foreign aid programs), which is usually (but not required to be) administered by the BIA for their tribal members. In other words, in some instances the BIA administers the particular Tribal Council which in turn is supposed to be the conduit of BIA resources to the membership.
- A tribe with self-determination has a government-to-government relationship and a special trust relationship with the United States. These special trust and government-to-government relationships entail certain legally enforceable obligations and responsibilities on the part of the United States to *persons who are enrolled members of such tribes*.

Q. How large is the national American Indian population?

- The estimated population of American Indians and Alaska Natives, including those of more than one race as of July 1, 2007, was 4.5 million, or 1.5 per cent of the total U.S. population.

Q. Are American Indians and Alaska Natives wards of the Federal Government?

- No.
- The Federal Government is a trustee of Indian property, not a guardian of all American Indians.

Q. Are American Indians citizens of the United States

- Yes.
- American Indians and Alaska Natives are citizens of the United States and of the individual states, counties, cities, and towns where they reside. They can also become citizens of their tribes or villages as enrolled tribal members.

Q. Do American Indians pay taxes?

- Federal income taxes are not levied on income from trust lands held for them by the U.S.
- State income taxes are not paid on income earned on a federal Indian reservation.
- State sales taxes are not paid by Indians on transactions made on a federal Indian reservation.
- Local property taxes are not paid on reservation or trust land.

Q. Do American Indians have special rights different from other citizens?

- Any “special” rights held by federally recognized tribes and their members are generally based on treaties or other agreements between the tribes and the United States.
- The heavy price American Indians and Alaska Natives paid to retain certain rights of self-government was to relinquish much of their land and resources to the United States. U.S. law protects the inherent rights they did not relinquish. This was the case of the Apache Nation in the San Carlos reservation.
- The Apache have many significant inherent rights they did not relinquish to any other government or nation.