



June 25, 2025

The Honorable John Thune
Senate Majority Leader
S-230 U.S. Capital Bldg.
Washington, D.C., 20510

The Honorable Mike Johnson
Speaker of the House
H-232 U.S. Capital Bldg.
Washington, D.C., 20515

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C., 20220

The Honorable Mike Crapo
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Jason Smith
Chairman
House Ways and Means Committee
1139 Longworth House Office Building
Washington D.C. 20515

Kevin Hassett
Assistant to the President and Director
National Economic Council
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20501

Re: The One Big, Beautiful Bill Act and Upholding Obligations to Indian Country

Dear Majority Leader Thune, Speaker Johnson, Secretary Bessent, Chairman Crapo, Chairman Smith, and Director Hassett:

On behalf of the undersigned Tribal organization members of the Coalition for Tribal Sovereignty (CTS), consisting of more than 35 organizations serving Tribal Nations and Tribal citizens and communities,¹ we write to follow up on [our earlier communication](#) and to express appreciation for the chance to highlight the opportunities and concerns of Indian Country as negotiations continue on *The One Big, Beautiful Bill Act* (OBBBA).

Congress, as a branch of the federal government, has long-standing and actionable trust and treaty obligations to Tribal Nations and our people, including an obligation to ensure we receive the programs and services for which we have prepaid. These obligations also extend to protecting and promoting our inherent sovereign status as part of the American family of governments. It is with these directives in mind that we provide our thoughts on the OBBBA with the ultimate goal of improving the bill for all of Indian Country.

We recognize that Congress is seeking to address broader issues related to taxation and border security, but we remind you that proposed changes to federal spending and programs are likely to

¹ A CTS briefing paper on the formation and messaging of CTS can be found here, and more information about CTS can be found on our website here.

have a disproportionate impact on Tribal Nations and our people. While Tribal Nations have long sought improvements to the tax code to achieve greater governmental parity, from our perspective, the House version of the OBBBA (with the Senate's proposed modifications), contains provisions likely to produce both positive and negative outcomes in Indian Country. In addition, notably absent are several commonsense provisions that would benefit Tribal Nations and our communities.

PROVISIONS TO RETAIN:

To advance Tribal Nations and our people, CTS commends the continued inclusion of provisions preserving Indian Country's access to vital programs and delivering changes for which we have advocated. These provisions recognize and advance the United States trust and treaty obligations to Tribal Nations and recognize our sovereignty and governmental status. We strongly urge Congress to retain the following provisions as further action on the bill proceeds:

1. Exemption from Medicaid Work Requirements, Cost-Sharing, and Six-Month Redeterminations

The House bill and Senate Finance Committee draft include an exemption for American Indian and Alaska Native (AI/AN) individuals eligible for services through the Indian Health System from Medicaid community engagement or work requirements in accordance with federal trust and treaty obligations. One of the primary manners in which the federal government meets its obligation to provide health care to AI/AN is through Medicaid. Work requirements without an AI/AN exemption run counter to this obligation, are likely to cause many AI/ANs to lose coverage, and place additional strain on Indian Health System resources. Any provision instituting Medicaid work or community engagement requirements must retain this vital exemption.

Additionally, the OBBBA and Senate draft protect existing cost-sharing exemptions for Indian Health Service (IHS) eligible beneficiaries, which continues the recognition of the federal government's obligation to provide health care to Tribal Nations and Native people. The Senate bill further provides an exemption for AI/ANs from increased redeterminations for the Medicaid Expansion population, in recognition of Medicaid's role to meet trust and treaty obligations. These provisions should continue in the final bill.

2. Exemption from SNAP Work Requirements

In Indian Country, approximately 25 percent of Native people rely on federal food assistance. In some Tribal communities, this reliance is as high as 80 percent. The Supplemental Nutrition Assistance Program (SNAP) is a critical program ensuring millions of low-income families have access to food. SNAP is also an important mechanism through which the United States delivers on its trust and treaty obligations to Tribal Nations and Tribal citizens and communities.

Indian Country does not support language in OBBBA that fails to exempt from new work requirements for Native people or Tribal Statistical Areas, impeding access to critical and necessary sources of reliable, healthy foods. Tribal communities often have significantly higher unemployment rates than non-Native communities, making it more difficult—if not impossible—for Native people to fulfill statutory work requirements.

Indian Country does support and appreciate language modified by the Senate Agriculture, Nutrition, & Forestry Committee, which makes Native people exempt from SNAP work requirements and any reductions in SNAP benefits. We further urge Congress to include a provision facilitating the exercise of Tribal self-determination and self-governance in SNAP administration.

3. Long-Term Care Facility Requirements

Indian Country also supports a moratorium on the implementation of the minimum staffing standard for long-term care facilities. This moratorium will reverse a Centers for Medicare & Medicaid Services (CMS) rule instituting minimum nurse staffing requirements at Medicare and Medicaid certified long-term care facilities. If implemented, the CMS rule could prove catastrophic for the federal government meeting its trust and treaty healthcare obligations because the challenge of staffing in Indian Country would make it difficult to keep facilities open. Long-term care facility closures in Tribal communities do not just cost jobs, but break cultural bonds and remove elders from our communities.

4. Pharmacy Benefit Managers

CTS also welcomes critical reforms and oversight on pharmacy benefit managers (PBMs). Most importantly, OBBBA bans PBM spread pricing in the Medicaid program. This reform will ensure our IHS and Tribal providers are reimbursed fairly and Tribal citizens can access the medications they need.

5. Adoption Tax Credit

Indian Country has been advocating over the course of multiple Congresses for change to the Adoption Tax Credit to recognize Tribal sovereignty, and welcomes its inclusion in the OBBBA. This provision establishes parity between state and Tribal governments by recognizing the ability of Tribal governments, like states, to determine whether a child is “special needs” for the purposes of the adoption tax credit.

6. Low Income Housing Tax Credit

The House version of the bill enhances access to the Low-Income Housing Tax Credit by using "Indian Area" language from the Native American Housing Assistance and Self-Determination Act (NAHASDA) or for projects sponsored by an Indian Tribe or Tribally designated housing entity. We strongly support these important improvements as well.

7. Protecting Pell Grant Eligibility

Over 68 percent of first-time, full-time students at Tribal Colleges and Universities rely on the federal Pell Grant Program and, nationwide, 50 percent of American Indian and Alaska Native college students, on average, utilize the federal Pell Grant Program. The Pell Grant Program plays an important role in our students’ educational success and ultimately enhances the economic mobility of Tribal and rural communities. We commend the Senate Health, Education, Labor and Pensions Committee for: not making any credit hour eligibility changes to the Pell Grant Program; for providing increased funding to support the Pell Grant Program; and for opening new opportunities for students with the creation

of a Workforce Pell Grant Program. We support these provisions and ask that this language be retained in the final bill.

8. Livestock Safety Net

The House and Senate versions of the bill include provisions strengthening the livestock safety net for ranchers, including increasing coverage of livestock losses due to predation under the Livestock Indemnity Program and increasing eligibility for the Livestock Forage Program. As 70 percent of Native farms specialize in livestock production, these changes will protect and strengthen Native agriculture.

PROVISIONS TO MODIFY OR STRIKE:

To uphold trust and treaty obligations and honor Tribal sovereignty, CTS recommends several provisions under consideration be modified or stricken to avoid harming Indian Country and/or to better uphold trust and treaty obligations. We urge the following changes to the OBBBA before it is signed into law.

1. Make Opportunity Zones Work Better for Indian Country

In Indian Country, limited access to capital, including private capital, is a foundational challenge interfering with our ability to pursue economic development opportunities. Enacted as a part of the Tax Cuts and Jobs Act, the Opportunity Zone Program was created to spur economic development and job creation in eligible low-income areas which have difficulty attracting new businesses and jobs. Despite several hundred designated Opportunity Zones in or near Indian Country, the current structure of the program leaves many Tribal Nations and communities behind and without equal access to this important federal program. We urge new language in the OBBBA to ensure all eligible census tracts on or adjacent to Tribal territories are automatically deemed Opportunity Zones to improve upon the success of these zones in Indian Country.

2. Normalization of Medicaid Federal Medical Assistance Percentage

Congress has also been considering “normalization” of the Medicaid federal medical assistance percentage (FMAP) for the Expansion population, which would substantially lower the federal match from the current 90 percent. This change would be devastating to Tribal Nations relying on the Indian health system for their healthcare delivery. Due to the chronic underfunding of IHS, Indian health system’s facilities depend on Medicaid to provide resources unavailable from the IHS annual appropriation, with Medicaid resources comprising 30-60 percent of facilities’ budgets. If this change were implemented, it would cause states to cut optional services and eligibility.

3. Rescission of Funds for Environmental Resilience

Tribal Nations place great importance on protecting irreplaceable lands, water resources, and sites of cultural, religious, and historical significance. CTS strongly urges Congress to remove the rescission of unobligated funds for investing in coastal communities and climate resilience, as well as National Oceanic and Atmospheric Administration and National Marine Sanctuaries funding. We also urge Congress not to rescind unobligated funds appropriated to the U.S. Forest Service, the National Park Service, and the Bureau

of Land Management. These funds support healthy ecosystems and will pay dividends in the future to help protect from the worst impacts of increasing natural disasters.

4. Provisions Directing Timber Production and Requiring Long-Term Contracts

We also urge the removal of provisions ordering timber production on Forest Service and Bureau of Land Management lands. While the provisions require the harvest to be in accordance with the applicable forest plan and there are other exclusions, mandating timber harvest that is at least 25 percent higher than the average total sold in recent years is problematic. Further, we request the removal of the provision requiring the Chief of the Forest Service to enter into at least one long-term contract of at least 20 years for timber sales, where the term of the contract must, by law, be designed to "promote orderly harvesting."

5. Natural Resource Reforms Should Protect Tribal Treaty and Reserved Rights

Indian Country is concerned by the recission of funding for the conservation, restoration, and protection of marine habitats and resources, as well as lands and resources managed by the National Park Service and Bureau of Land Management. These recissions eliminate investment in marine fisheries, the recovery of Pacific salmon, and public lands where Tribal Nations hold and exercise their rights. Many Tribal Nations have treaty-based and federally protected rights to fish, hunt, gather, and otherwise use natural resources in marine habitats and on public lands, and the withdrawal of this funding would be antithetical to federal treaty and trust obligations. Additional provisions should be added identifying and prioritizing investment in facilities designed to serve Tribal Nations in fulfillment of enacted Indian Water Rights Settlements.

6. Permitting Reforms should Protect Tribal Nations

Although recently removed from the bill due to the Byrd Rule, Indian Country does not support the inclusion of a provision allowing infrastructure project proponents to pay a fee for expedited and non-judicially reviewable environmental reviews. Environmental reviews, as well as separate, but related, cultural reviews, are critical for the protection of irreplaceable cultural heritage. These reviews also safeguard public health and Tribal natural resources—particularly for projects happening outside of our currently held territories. While we support infrastructure development, it cannot come at the expense of resources essential to our ways of life.

7. Tribal Nations should have Opportunity to Purchase Public Lands and Protect Cultural Heritage

Although recently removed from the bill due to the Byrd Rule, Indian Country is opposed to language that would direct the sale of public lands in the West. The provision in its most recent form includes a right of first refusal for states and local governments to first purchase any public lands listed for sale, but Tribal governments are not included. Further, while sales cannot include national monuments, parks, and some wilderness areas, there are no exemptions for Traditional Cultural Properties, federal lands that encompass Native sacred places, existing Reservation boundaries, or public lands that are subject to access to Native Americans to conduct ceremonies, exercise treaty rights or gathering rights.

PROVISIONS TO ADD:

To realize long-overdue change, CTS recommends additional tax reforms to strengthen Tribal economies and, in turn, local, regional, and national economies as well. While we are thrilled with the inclusion of the Adoption and Low-Income Housing Tax Credit provisions, Indian Country has long engaged in extensive advocacy supporting the inclusion of numerous practical tax reforms in H.R. 1, the *Tax Cuts and Jobs Act*, but none were ultimately adopted in the final bill. There is still time to act and we urge Congress to see these long-awaited changes to the tax code are realized.

1. Tribal Tax and Investment Reform Act

With bipartisan, bicameral support, the *Tribal Tax and Investment Reform Act* amends the Internal Revenue Code to bring parity for Tribal governments by allowing them to access the same financing opportunities as, and engage in economic development and job creation activities similar to, state governments. Enacting the reforms found in this Act will support Tribal economic development and growth by removing persistent barriers to accessing necessary capital and providing parity with other governments in the ability to issue tax-exempt bonds. To that end, we urge the inclusion of all substantive provisions of the Tribal Tax and Investment Reform Act in any reconciliation legislation. We also request additional language in the current version of the bill recognizing and protecting Tribal sovereignty—including our ability to retain revenue generated within our borders.

2. Technical Fix re: “Kiddie Tax” Penalty

In 1986, Congress enacted a provision referred to colloquially as the “kiddie tax” penalty, which sought to prevent wealthy parents from dodging high-bracket tax rates by transferring taxable family income to their children to have it taxed at a lower rate. This provision used overly-broad language that applied high-bracket tax rates to transfers of all “unearned income” to children, leading the Internal Revenue Service (IRS) to apply its high-bracket tax rates to distributions of Tribal funds to Tribal citizens under the age of 25 years. The “kiddie tax” penalty applies to both minor children and young adults—including students and those early in their careers—resulting in economic harms and lost opportunities during a critical stage of their lives.

Unlike wealthy parents, when Tribal governments or their minors’ trusts make distributions of Tribal funds to Tribal citizens under the age of 25 years, they do so to serve federal-Tribal public policy goals. Additionally, because Tribal governments do not pay income tax, these transfers are not avoiding income tax payments when Tribal funds are transferred to Tribal citizens. In the interest of fairness in the tax code, Congress should enact a technical amendment to expressly exclude the transfer of Tribal funds by a Tribal government or a Tribal minor’s trust to a Tribal citizen from the “kiddie tax” penalty provision, thereby preventing such transfers from being taxed at the higher income tax rates of the Tribal citizen’s parents.

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OBBBA contains important protections and advancements for Tribal Nations and Tribal citizens and communities. The draft legislation also provides opportunities to strengthen respect for Tribal sovereignty and the United States trust and treaty obligations by adding, removing, or modifying



provisions as previously discussed. We ask that you work with us to ensure that the OBBBA moves Indian Country forward to the fullest extent possible, while doing Indian Country no harm. We thank you for your consideration of the recommendations made in this letter and look forward to working together as Congress continues to advance the bill.

Sincerely,

Affiliated Tribes of Northwest Indians (ATNI)
American Indian Higher Education Consortium (AIHEC)
California Tribal Chairpersons' Association (CTCA)
Great Plains Tribal Chairmen's Association (GPTCA)
National American Indian Housing Council (NAIHC)
National Congress of American Indians (NCAI)
National Council of Urban Indian Health (NCUIH)
National Indian Child Welfare Association (NICWA)
National Indian Education Association (NIEA)
National Indian Health Board (NIHB)
Northwest Portland Area Indian Health Board (NPAIHB)
Seattle Indian Health Board (SIHB)
Self-Governance Communication & Education Tribal Consortium (SGCETC)
United South & Eastern Tribes Sovereignty Protection Fund (USET SPF)