



NAVAJO REVITALIZATION FUND

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

As part of the reorganization of appropriations acts, the Analyst recommends that the committee vote to include the Navajo Revitalization Fund. The Executive Appropriations Committee approved this reorganization of the appropriations acts on November 13, 2012. Based on current law (UCA [35A-8-1704](#) & [59-5-119](#), the Navajo Revitalization Fund receives its revenue automatically and can spend all revenues without additional Legislative action. The Fund ended FY 2012 with a balance of \$10,557,600. Expenditures from the Fund have ranged from \$2.4 million in FY 2011 to \$2.8 million in FY 2010 in the last three years.

LEGISLATIVE ACTION

- As part of the reorganization of appropriations acts, the Analyst recommends that the committee vote to include the Navajo Revitalization Fund.

DISCUSSION AND ANALYSIS

Why Are we Proposing This Change?

On November 13 the Executive Appropriations Committee approved reorganization of appropriations acts so that they will more clearly identify different types of transactions. Under the reorganization, operating and capital appropriations – typically thought of as “the budget” – will be presented in separate subsections from items that approve business-like activities, review fiduciary funds, or simply move money from one account to another. The reorganization will not only more clearly communicate the legislature’s intent to state agencies and the Division of Finance, it will also allow readers to more easily compare appropriations acts to other budget documents like the Governor’s recommendations and Comprehensive Annual Financial Report.

The reorganization also allows legislative staff to present more and better information about certain types of financial activity. Because transactions are now presented and summarized by type, all activity in self-spending “restricted special revenue” funds and enterprise funds can be shown without risk of double-counting. This year, staff is expanding and improving reporting on funds and accounts previously included in appropriations acts, and will over time add other funds not previously shown.

What is the Navajo Revitalization Fund?

One such fund is the Navajo Revitalization Fund. This Fund receives revenue automatically as per UCA [35A-8-1704](#). For Navajo lands, the Fund receives 33% of severance taxes from wells existing before July 1996 and 80% of taxes from new wells beginning production on or after July 1996. The maximum annual deposit cannot exceed \$3,000,000. If the annual deposit were to exceed \$3,000,000 then the excess would go into the General Fund. In the last three years, the Fund has received annual deposits ranging from \$1.4 million in FY 2010 to \$2.6 million in FY 2012.

Total expenditures from the Fund have ranged from \$2.4 million in FY 2011 to \$2.8 million in FY 2010 in the last three years. UCA [35A-8-1704](#) allows for up to 4% of the annual revenues for administration of the Fund.

The Department of Workforce Services indicates that the Fund is to be used for the following: “Capital projects and infrastructure, including electrical power, water, and other one-time need projects. Housing projects including purchase of new housing, construction of new housing or significant remodeling of existing housing. Matching educational endowments that promote economic development; promote Navajo culture, history and language; support postsecondary educational opportunities for Navajo students.”