



THE HARVARD PROJECT ON AMERICAN INDIAN ECONOMIC DEVELOPMENT

John F. Kennedy School of Government • Harvard University

HONORING NATIONS: 1999 HONOREE

Tax Initiative Economic Development Kayenta Township Commission, Navajo Nation

Contact:

P.O. Box 1490

Kayenta, AZ 86033

Tel. (520) 697-8451 Fax. (520) 697-8461

Website: www.kayentatownship.com

The town of Kayenta is located in the north-central region of the Navajo Nation. As the gateway to scenic Monument Valley and other important Southwestern Native sites, the area attracts thousands of visitors each year. Yet despite its prime location, the Navajo community in Kayenta has long been unable to act upon the promise of tourism-related development: Non-Navajos own more than half of the businesses in the area, and the Indian unemployment rate hovers near 50 percent.

As early as 1970, community members recognized that many of their economic problems could be attributed to a lack of local control over administrative powers that, used strategically, could promote appropriate development. These powers were held by the Navajo Nation central government, which is headquartered about 150 miles away in Window Rock, Arizona. The central government was responsible for all decisions involving infrastructure development, land use and zoning, housing, business development, taxation, bond issues, public safety, and even recreation—an odd distribution of responsibilities that can be traced directly to federal involvement in Indian affairs. These programs either are presently or were historically managed by the Bureau of Indian Affairs, and it has been easier for the Bureau to centralize these functions than to work at the grass roots. Shifting responsibility back to the community level would give the citizens of Kayenta the resources to provide services and create policy that could improve community infrastructure, attract business, and, ultimately, provide jobs and income. It was with these goals in mind that initial planning for the Township began in the early 1980s.

By 1985, advocates from Kayenta had persuaded the Navajo Nation Council to create a pilot township program at Kayenta, authorize funding, and approve the program's use of 3,606 acres of Navajo trust land. A number of local residents held grazing rights to this land, however, so it was a year later, when five individuals who were convinced of the wisdom of the township plan agreed to relinquish their rights that the road was finally clear for legal creation of the Township. After this high-water mark, planning continued at a deliberate pace. In 1990, the Township Pilot Project hired a planner to investigate taxation options, and in 1996 the Navajo Nation passed a resolution establishing the Kayenta Retail Sales Tax Project. In March 1997 Township residents elected the first five-member Kayenta Township Commission, and shortly thereafter, the Commission began to develop a system of municipal codes, levied a 2.5 percent retail sales tax, and hired a Town Manager. Today, the Commission oversees a variety of development endeavors that address the socio-economic needs of the Township's 5,000 residents.

The government structure of the Township is modeled after other municipal governments. The five popularly elected members of the Township Commission serve four-year staggered terms and are responsible for setting goals and establishing Township ordinances. The Town Manager is responsible for implementing and enforcing these ordinances (especially the tax ordinance) and for identifying funding for community projects. Six full-time staff members assist the Township Commission and Town Manager. The relationship between the Township and the local Navajo Chapter government is similar to that of a city and a county government and is defined by a memorandum of agreement. As in a county-city relationship, the Kayenta Chapter has some authority within “city limits,” but the Township exercises no powers outside its boundaries.

Today, Kayenta Township’s numerous successes demonstrate how local empowerment and governance can foster self-determined, self-sustaining economic development that addresses community-specific needs.

For example, town leaders were eager to streamline the business development process, particularly the involved procedure for securing a business site lease. Prior to 1996, business land leases required a recommendation by the local chapter, tribal administrative review and recommendation, approval by the Tribal Council’s Economic Development Committee, the signature of the Navajo Nation President, and finally, review and approval from the BIA Area Office. But with the establishment of Kayenta Township, the Commission gained the authority to lease Township land. Now, business site leases within the Township only require approval from the Township Commission, along with the Navajo Nation President’s signature and BIA approval as trustee—a radical change that has worked to attract new businesses. In 1999 at least five businesses were in the leasing process.

A second key success concerns revenue, and the possibilities that local revenues create. The Township’s authority over land leases has kept lease income in local coffers, and the retail sales tax has enabled the Commission to tap a previously untapped—and significant—revenue source. (Between June 15, 1997 to December 31, 1998, the tax raised \$670,834.) This income is invested directly in local infrastructure projects and used to leverage external investment from the bond market, commercial banks, and private investors. Besides creating jobs, the Commission’s current list of projects demonstrates the Township’s commitment to improving local residents’ quality of life. These projects include: construction of a solid waste transfer station and closure of an existing dump; construction of a women’s shelter; construction of a housing development; surveying, zoning, and lease negotiation for private home construction; surveying and planning for a 34 acre recreational complex; fundraising for a public safety complex; and fundraising to improve the community’s water supply.

The Kayenta Township was created on the premise that local challenges require local solutions. The Township embodies the Navajo Nation’s desire for increased local governmental autonomy, most recently articulated in the 1998 Local Governance Act, which gave chapters new governmental opportunities and authority. The Township is rapidly taking control of its future, from developing laws and ordinances that were once absent, to creating a revenue stream independent of Window Rock’s appropriations. As the only self-sufficient “township” located on an Indian reservation in the United States, the Kayenta Township is an important model of self-governance.