

'Most Important Legislation Since 1934'

I am today transmitting to the Hill the "Indian Resources Development Act of 1967." I consider this the most important legislation proposed for American Indians since the Wheeler-Howard Act of 1934 which permitted tribes much greater latitude in handling their own affairs.

The main purpose of the bill is to provide Indians with managerial, credit and corporate tools to enable them to participate more fully in American social, economic,

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educational and political life; and to permit them to exercise greater initiative and self determination. The bill results from considerable consultation with the tribes, themselves.

The main feature of the bill authorizes the appropriation of \$500 million, not

more than \$100 million in the first five years after enactment, for an Indian loan guaranty and insurance fund and for a direct loan revolving fund.

The loan guaranty and insurance fund will be used to guarantee not more than 90% of any one loan or 15% of aggregate loans made by one lender. Direct loans will be made from the revolving fund to Indians who cannot obtain commercial loans either with or without a guaranty.

Economic development of Indians has been impeded by lack of free access to the private financial and credit markets of the Nation and by limitations placed upon Indians which prevent them from managing their land and resources. This bill will enable Indians to enter the money markets of the Nation to secure the capital so essential to individual and community development.

The bill also authorizes the issuance of Federal corporate charters to Indian tribes or groups of Indians in order to give them modern

organizational forms needed to promote economic development. It places Indian tribes on par with State and local governments with respect to financing governmental affairs through tax exempt bonds...

The bill authorizes the Secretary of the Interior, through an Indian Development Loan Authority, or otherwise, to

(1) Encourage the development of industrial, commercial and agricultural enterprises on or near Indian reservations;

(2) Promote Indian ownership and management of such enterprises; and

(3) Provide the best economic use of Indian-owned property and financial resources.

This program will include, among other things:

(1) The preparation of reservation profiles for industrial development.

(2) Grants for economic surveys and project feasibility studies.

(3) Guarantee or insurance

of private loans to Indians or Indian organizations if such loans are not otherwise available.

(4) Direct loans to Indians or Indian organizations if private loans are not available.

(5) Interest subsidies when needed to stimulate loans for industrial development.

(6) Leadership and management training for directors, officers and managers of Indian enterprises.

(7) Research, undertaken either directly or by contract.

(8) Technical assistance.

(9) Advice regarding the issuance of tribal tax-exempt bonds or obligations for purposes related to the governmental affairs or operation of the tribe.

(10) Advice on use of tribal funds...

Loans under this bill must bear "reasonable" interest rates to be determined by the Secretary taking into account the range of interest rates prevailing in the private market for similar loans and risks. Whenever the Secretary determines the rate of interest would require a level of interest payments by the borrower that would impair the prospects for successful economic development or other primary purposes of the loan, he may agree with the borrower to pay from the fund up to 25 percent of the interest payments. Loans under the

bill require evidence that financing is not otherwise available on reasonable terms and conditions and that there is reasonable assurance of repayment.

Loans will be available for educational purposes, also, with no interest while the borrower is in school or in the military service...

This bill has been under consideration for many months. It is the first piece of major Indian legislation to be drafted after full consultation with Indian leaders. It is apparent that Indian leadership today is confident of its ability to deal with the challenges of modern society if it has the tools to do the job.