

Treasury Department Loosens Up Bonds for Development in Indian Country

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The **U.S. Treasury Department** recently issued new guidelines for reallocating approximately \$1.8 billion remaining in **Tribal Economic Development (TED)** bonds. In an effort to spur job creation and promote economic growth in Indian country, the new guidelines are more flexible and broaden the scope of activities that qualify for investment.

Originally established by the American Recovery and Reinvestment Act in 2009, TED bonds gave Indian tribal governments the authority to issue up to \$2 billion in tax exempt bonds. TED bonds can be used for a number of projects, including entertainment venues, energy plants, and hotels. Previously, bonds could be issued only for government buildings. No portion of the proposed bonds may be used for gaming purposes.

The maximum allocation for each individual tribe is 20% of the remaining \$1.8 billion balance, or about \$360 million. Under the original guidelines, the maximum allocation was limited to \$30 million per tribe. When the authority reaches a \$500 million balance, the percentage will no longer apply and the allocation cap will reduce to a maximum of \$100 million per tribe.

The most significant change in the guidelines is the emphasis placed on having the project ready to develop and a financing plan in place before applying. Tribes will have just 180 days to issue the propose bonds after receiving an allocation or risk forfeiting the allocation entirely.

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