Tribal Forest Enterprises: Authorities, Operations, & Financial Framework

Bureau of Indian Affairs – Northwest Region

What Is a Tribal Forest Enterprise?

- An extension of the Tribe operating under 25 CFR §163.
- Manages marketing, harvesting, and sale of forest products.
- May operate on Tribal and allotted lands.
- Functions similarly to a business entity (LLC, corporation).

Legal Authority

- Enterprises require consent of authorized Tribal representatives.

- May purchase non-Indian-owned forest products.

- Require Secretary approval for agreements, sales, and operations.
- Framework outlined under 25 CFR §163.13.

Reasons Tribes Establish Enterprises

- Increased marketing flexibility.
- Ability to respond quickly to market opportunities.
- Job creation for Tribal citizens (members).
- Reduced financial risk through enterprise structure.
- Ability to operate in areas with limited contractor availability.

Key Functions of Enterprises

- Market tribal timber and forest products.
- Act as intermediaries in sales.
- Operate sawmills or forestry operations.
- Perform logging, road work, and contract services.
- Serve as Purchasers and pay stumpage like any buyer.

Formal Agreements

Enterprises may— with Secretary approval:

- Enter agreements with Tribal governments.
- Contract with individual beneficial Indian owners for forest products.
- Conduct purchase and sale transactions following approved procedures.

Sales of Forest Products

- Must follow generally accepted trade practices.
- Can sell products produced under approved agreements.
- Tribal trust land sales to enterprises do *not* require advertisement.
- Allotted land timber requires advertisement unless majority owners approve negotiation.

Fair Market Value (FMV) Requirements

- Stumpage must meet FMV unless owner knowingly accepts less.

- FMV protects Tribal and allottee revenues.

- Enterprises negotiate prices but must meet regulatory safeguards.

Purchases Without Advertisement

Enterprises may purchase Indian forest products without advertising when:

– Owner consents

– Stumpage rate approved by Secretary

• Provides flexibility for Tribes and enterprises.

Stumpage Determination & Payment

- Must follow 25 CFR §163.22.
- Special payment instructions may apply.
- Performance bonds may be required or waived.

Enterprise Operating Agreements

Agreements include:

- Legal authority & definitions
- Roles and responsibilities
- Stumpage rate procedures
- Negotiation rules
- Payment requirements
- QA/QC and dispute resolution

- Effective & termination dates
- Required signatures (Seller, Purchaser, AO)

Financial Framework (Handbook Context)

Purpose of the financial handbook:

- Provide accounting procedures for trust & non-trust funds.
- Govern handling of collections from forest management activities.
- Authority from 25 USC 155 and 31 USC 1321.

Bid Collections

- Deposits must be processed within 24 hours.
- Allows time for Forestry to review bids.
- Enterprises may match the high bid if allowed by prospectus.

Advanced Deposits

- Tribal forest enterprises may receive alternative payment structures approved by the Secretary.

- Payments after harvest may be paid directly to the Tribe.

- Forestry determines deposit method.

Cash Collection Options

Direct distribution to Tribe (when enterprise pays after cutting).

Deposit in AD account before distribution.
Forestry selects the correct option. (????)

Forest Projects Accounts (FP)

- Payments made according to sale provisions or approved project plans.

- Contractors may be Tribes, enterprises, purchasers, individuals, or agencies.

- Payments normally made directly to the contractor.

- Interest in FP accounts stays with principal upon closure.

Payment Processes

- Invoices issued through TAAMS.
- Payments go through lockbox unless direct-pay is approved.
- Different contract types (est. vs. predetermined volume) have different timelines.

Failure to Make Payments

If an enterprise does not pay:

- OIC notifies Approving Officer.
- AO issues notice with amount owed.
- Continued nonpayment triggers cease-and-desist.
- Additional requirements may include advance deposits or bonds.

Tribal Program Acting as the Enterprise

Benefits:

- Reduced overhead
- Consolidated workload

Tribal Program Acting as the Enterprise

Challenges:

- Liability risks
- Conflicts of interest
- Revenue instability
- Compliance enforcement difficulty
- Contracting/financial management workload

Conclusion

- Tribal forest enterprises provide Tribes with powerful tools for economic development, stewardship, and market access.
- Operations rely on a combination of federal regulation and BIA financial procedures.
- Strong coordination between Tribes, enterprises, and BIA ensures program success.

Resources

List the resources you used for your research:

- Source #1 – 3H Handbook
- Source #2 – Ent Handbook
- Source #3 – Collections & Distributions Handbook

Questions & answers

Invite questions from the audience.

Conclusion

Provide a brief summary of your presentation.
Remind the audience what you covered in the previous slides.