

Marijuana Compact

Between

The Confederated Tribes of the Colville Reservation

and

The State of Washington

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I. INTRODUCTION

This compact is entered into pursuant to House Bill 2000, Chapter 207, Laws of 2015 (the “Compacting legislation”). This document will be cited as the “Marijuana Compact Between the Colville Tribes and the State of Washington,” hereinafter referred to as the “Compact.”

II. PARTIES

The Parties to this Compact are the Colville Tribes (“Tribes”) and the State of Washington (“State”) (collectively, “Parties”).

The Tribes is located on the Colville Indian Reservation, which is in the state of Washington, and the Tribes is a federally-recognized sovereign Indian tribal government.

The State of Washington is a state within the United States of America, possessed of the full powers of a state government. The Washington State Liquor and Cannabis Board (“Board”) is an executive department of the State government with statutory authority with respect to marijuana under chapters 69.50 and 69.51A RCW. The Compacting legislation allows the Governor to enter into an agreement with any federally recognized Indian tribe located within the geographical boundaries of the State regarding marijuana and to delegate the power to negotiate such agreement to the Board.

III. PURPOSE AND INTENT

Historically, the production, possession, delivery, distribution and sale of marijuana have been illegal across the United States and in Indian Country. In 2012, Washington voters passed Initiative 502 (“I-502”) which sets forth a tightly regulated, state-licensed system allowing for the production, processing, and retail sale of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products for recreational purposes within the State of Washington.

Through State law and the Board’s implementing rules, the State has legalized possession of limited amounts of marijuana and the production, processing, and sale of marijuana by licensed businesses and has set forth a civil regulatory system that keeps marijuana production, processing, and sale in the State regulated and safe for

the public and accomplishes the following priorities: preventing the distribution of marijuana to minors; preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; preventing the diversion of marijuana from states where it is legal under state law in some form to other states; preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; preventing violence and the use of firearms in the cultivation and distribution of marijuana; preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and preventing marijuana possession or use on federal property.

After serious deliberation, the Tribes, as a sovereign nation, has also determined that present day circumstances make a complete ban of marijuana within Indian Country ineffective and unrealistic and has decriminalized its sale and possession in certain circumstances. At the same time, consistent with the priorities described above, the need still exists for strict regulation and control over the production, possession, delivery, distribution, sale, and use of marijuana in Indian Country.

The State and the Tribes have recognized the need for cooperation and collaboration with regard to marijuana in Indian Country. The State has authorized the entry of this Compact by the Compacting legislation, enacted by the 2015 Regular Session of the Legislature. Laws of 2015, Chapter 207. Through Section 2 of this legislation, codified at RCW 43.06.490, the State authorized the Governor to enter into Compacts concerning the regulation of marijuana and to delegate the authority to negotiate the Compacts to the Board.

The Parties share a strong interest in ensuring that marijuana production, processing, and sales in Indian Country are well-regulated to protect public safety and community interests. The Parties acknowledge that pursuant to federal law, 21 U.S.C. § 812, marijuana is a Schedule I controlled substance and that this Compact does not protect the sales or regulation of marijuana in Indian Country from federal law; however, the Parties have entered into this Compact in order to strengthen their ability to meet these mutual interests and to provide a framework for cooperation to ensure a robust tribal and state regulatory and enforcement system.

The Parties agree that it is in the best interests of the Tribes and the State that they further implement the government-to-government relationship between them, as recognized in the Centennial Accord of August 4, 1989, by entering into a compact to protect public health and safety, ensure a lawful and well-regulated marijuana market, encourage economic development in Indian Country, and provide fiscal benefits to both

the Tribes and the State.

IV. DEFINITIONS

- A. "Auditor" means a certified public accountant licensed and in good standing in the State of Washington.
- B. "Board" means the Washington State Liquor and Cannabis Board and its staff.
- C. "CRMS LLC" means Colville Retail Marijuana Sales LLC, a company formed pursuant to applicable Tribal law for the purpose of selling marijuana products as authorized by this Compact and applicable Colville Tribal Law.
- D. "Compact" means this Marijuana Compact between the Colville Tribes and the State of Washington, as it may be amended.
- E. "Indian Country," as defined by 18 U.S.C. § 1151, means all lands within the Tribes' Colville Indian Reservation and all lands held in trust or restricted fee status by the United States for the Tribes or its Tribal Members. For purposes of illustration only, the Tribes will provide to the Board an electronic map of Indian country in a form that is compatible with the Board's computer hardware and software.
- F. "Marijuana," "marijuana concentrates," "marijuana-infused products," and "useable marijuana" as used in this Compact shall have the same meanings as in RCW 69.50.101 or any amendments thereto. Together, these terms shall be referred to as "marijuana product" or "marijuana products."
- G. "Parties" means the Tribes and the State.
- H. "Processor" means any marijuana processor licensed to process, package, and label useable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to processors and retailers by the Board pursuant to RCW 69.50.325 and any marijuana processor in Indian Country licensed or otherwise allowed by the Tribes or any other Tribes with a marijuana compact with the Board.
- I. "Producer" means any marijuana producer licensed to produce and sell marijuana at wholesale to processors and other producers by the Board pursuant to RCW 69.50.325 and any marijuana producer in Indian Country licensed or

otherwise allowed by the Tribes or any other Tribes with a marijuana compact with the Board.

- J. “Retailer” means any marijuana retailer licensed to sell useable marijuana, marijuana concentrates, and marijuana-infused products in a retail outlet by the Board pursuant to RCW 69.50.325 and any marijuana retailer in Indian Country licensed or otherwise allowed by the Tribes or any other Tribes with a marijuana compact with the Board.
- K. “State” means the State of Washington.
- L. “State Licensee” means any marijuana producer, marijuana processor, or marijuana retailer licensed by the Board pursuant to chapter 69.50 RCW, chapter 314-55 WAC, or any other regulations promulgated thereunder.
- M. “State Tax” means the marijuana excise tax as stated in RCW 69.50.535 and the State and local sales and use tax on sales of marijuana as stated in chapters 82.08 and 82.12 RCW, all as may be amended from time to time.
- N. “Tribal Code” means the Colville Tribal Law and Order Code.
- O. “Tribal Enforcement Officer” means the tribal enforcement personnel authorized to inspect and enforce this compact and the Tribal Law and Order Code, Chapter 6-20, ‘Commercial Marijuana Production, Processing, Retail Sales.’
- P. “Tribal Enterprise” means CRMS LLC or other business wholly or majority owned by the Tribes and authorized to sell marijuana products under the Tribal Code and this Compact.
- Q. “Tribes” means the Confederated Tribes of the Colville Reservation.
- R. “Tribal Member” means an enrolled member of the Tribes.
- S. “Tribal Member Business” means a business owned by an enrolled member of the Tribes.
- T. “Tribal Tax” means a tax imposed by the Tribes on marijuana activities.
- U. “Tribe” or “Tribes” means the Confederated Tribes of the Colville Reservation.

V. GENERAL MATTERS

- A. Sovereign Immunity. The Parties agree that, except for the limited purpose of resolving disputes in accordance with the Dispute Resolution Section below, the signing of this Compact by the Tribes does not imply a waiver of sovereign immunity by the Tribes or any of its subdivisions or enterprises and is not intended as a waiver of sovereign immunity and that any action by the State in regard to marijuana regulation by the Tribes shall be in accord with this Compact.
- B. Tribes Does Not Submit to State Jurisdiction. By entering into this Compact, the Tribes does not concede that the laws of the State apply to the Tribes, its businesses, agents, or members regarding activities and conduct within Indian Country.
- C. State Does Not Concede Tribal Immunity. By entering into this Compact, the State does not concede that the Tribes has any immunity from the State law.
- D. This Compact Does Not Create any Third Party Beneficiaries. No third party shall have rights or obligations under or be considered a beneficiary of this Compact.
- E. Jurisdiction. This Compact does not increase or reduce the jurisdiction of either the Tribes or the State.
- F. No Limitation. The Parties agree that the signing of this Compact and the resultant benefits and obligations shall not be construed as limiting any otherwise lawful activity of the Tribes or its subdivisions or enterprises nor subject the Tribes or its subdivisions or enterprises to any State jurisdiction not agreed to in this Compact.
- G. Applicability. Consistent with RCW 43.06.490, this Compact applies to the production, processing, and sale of marijuana products in Indian Country where the Tribes or Tribal Enterprise (i) delivers or causes delivery to be made to or receives delivery of marijuana products from a State Licensee or (ii) physically transfers possession of marijuana products from the seller to the buyer within Indian Country. Except as otherwise provided herein, the production, processing, sale, and possession of marijuana products in Indian Country pursuant to the Tribal Code and in accordance with this Compact are not subject to the terms of chapter 69.50 RCW and chapter 314-55 WAC, or any other regulations promulgated under that RCW Chapter, and any such activities will not be a criminal or civil offense under Washington state law.

H. State Licensees.

1. The Tribes may purchase marijuana products from or sell marijuana products to State Licensees or any other entity operating under a valid Compact authorized by the Compacting legislation, including any amendments thereto, with or otherwise authorized by the State. All transactions between the Tribes or Tribal Enterprise and State Licensees must be executed through the State traceability system, and marijuana products purchased from or sold to State Licensees must be fully compliant with all State marijuana laws and rules, including packaging, testing, and labeling.
2. The State will not cite, fine, or otherwise take any other adverse licensing or other action against any State Licensee for the mere fact that it bought or sold marijuana products from or to the Tribes or a Tribal Enterprise in accordance with the terms of this Compact and the Tribal Code.
3. To the extent necessary, the State will work with the Tribes and with any State Licensees or otherwise authorized producers, processors, or retailers to assure such entities that the Tribes and Tribal Enterprises are legally authorized to purchase and sell marijuana products pursuant to the terms of this Compact.

- I. Tribal Member Businesses. The current Tribal Code does not permit Tribal Member Businesses to conduct retail sales, producing, processing, research or testing of marijuana products in Indian Country. However, if the Tribal Code is revised to allow Tribal Member Businesses then the Tribal Member Business may not purchase from or sell to a State Licensee, or conduct research or testing for transactions with a State Licensee, until such time as state law is amended to allow this activity and this Compact is amended to allow it.
- J. Buffer Zone Requirements. To maintain community safety, tribal marijuana producer, processor, and retail businesses in Indian Country must follow buffer zone requirements outlined in RCW 69.50.331(8), and any subsequent amendments thereto, as may be modified by the Tribes consistent with RCW 69.50.331(8)(b) through (d), and subject to interpretations of the grounds identified in subsection (a) that are within Indian Country, all as codified.
- K. References to Laws, Rules and Policies. References herein to Tribal ordinances, Tribal and State laws, and to Tribal, State, and Board rules and policies, include ordinances, laws, rules, and policies in existence as of the effective date of this

Compact, together with any amendments that may be adopted during the term of the Compact. References herein to specific titles, chapters, or sections of the Tribal Code, the Revised Code of Washington, or the Washington Administrative Code, include the cited titles, chapters, and sections as they exist on the effective date of this Compact, together with any amendments or renumbering that may be adopted during the term of this Compact.

- L. Non-Tribal Partial Owners and Financiers. If the Tribes are not the sole owner of the tribal enterprise producing, processing, or selling marijuana products or receives financing from an organization outside of the Tribes, the non-tribal owner or financier is subject to a criminal history background check and financial investigation performed by both parties. The board will use the criteria in WAC 314-55-020; 314-55-040; and 314-55-045. "Owner" means a "true party of interest", as defined in WAC 314-55-035. For a non-tribal owner or financier to pass the background check and financial investigation, both parties must agree. If the non-tribal owner or financier does not pass the background check and financial investigation, and the Tribes do not agree to seek a different partial owner, either party may invoke the Dispute Resolution Process of this Compact.

VI. RETAIL SALES

- A. Retail Sales. The Tribes and/or its Tribal Enterprise may sell marijuana products in Indian Country pursuant to the Tribal Code and this Compact. This compact does not permit Tribal Member Businesses to conduct retail sales of marijuana products in Indian Country, but the Tribes reserves the right to pursue approval of Tribal Member Businesses in future negotiations.
- B. Locations. The retail locations will be operated by a governmental limited liability company of the Colville Tribes and located in the Tribes' Indian Country at locations to be determined.
- C. Sales by the Tribes or a Tribal Enterprise. The Tribes shall notify the State at least 30 days prior to the opening of any Retailer owned by the Tribes or Tribal Enterprise. Such notifications shall include:
1. The identity of the entity which is operating the retail location;
 2. Location of the premises; and
 3. Certification that the premises are located in Indian Country.

D. Conditions on Retail Sales.

1. Retail sales of marijuana products by the Tribes and any Tribal Enterprise must be conducted in accordance with the Tribal Code and the internal policies and controls of the Tribes or Tribal Enterprise. Tribal Code Chapter 6-20 as it exists on the date of this Compact is attached as Exhibit 1. Current copies of Tribal Code Chapter 6-20 and marijuana internal policies and controls of the Tribes and any Tribal Enterprise will be made available online or made available for review by the Board upon request. The Tribes agrees to notify the Board of any changes to the Tribal Code that may affect marijuana products within ten days of the date of adoption by the Tribes.
2. All marijuana products purchased by the Tribes or a Tribal Enterprise from a State-licensed producer or processor will be verified upon delivery in Indian Country, and confirmation of receipt will be made by executing the delivery invoice. The Tribes or Tribal Enterprise will input or cause to be input all delivered purchases into the State's tracking system within 24 hours of receiving any such delivery.
3. All marijuana products purchased by the Tribes or a Tribal Enterprise from the tribal government, Tribal Enterprise, or member of another federally recognized Indian Tribe with a reservation located within the state of Washington, or sold by the Tribes or a Tribal Enterprise to a tribal government, Tribal Enterprise, or member of another federally recognized Indian Tribe with a reservation located within the state of Washington, will be recorded in either the Tribes' or the State's tracking system within 24 hours of any such receipt or delivery. The Tribes and any Tribal Enterprise will make such records available for review by the Board upon request.
4. Drive-through purchase facilities are prohibited. The Tribes agree not to sell marijuana products at a drive-through purchase facility where marijuana products are sold at retail and dispensed through a window or door to a purchaser who is either in or on a motor vehicle or otherwise located outside the retail premises at the time of the sale.

VII. PRODUCING AND PROCESSING

- A. Producing and Processing of Marijuana Products. The Tribes may allow the

production and processing of marijuana products in Indian Country pursuant to the following terms:

1. Producing and/or Processing Locations. The Producing and/or Processing locations will be operated by a governmental limited liability company of the Colville Tribes and located in the Tribes' Indian Country at locations to be determined.
2. Production and/or Processing by the Tribes or a Tribal Enterprise. The Tribes shall notify the State at least 90 days prior to the start of operations of any Producer or Processor owned by the Tribes or a Tribal Enterprise. Such notifications shall include:
 - a. The identity of the entity which is operating the Producer or Processor location;
 - b. Location of the premises;
 - c. Certification that the premises are located in Indian Country; and
 - d. The amount of marijuana the Tribe intends to grow if the notice is for Producer operations.
3. Conditions on Producers and Processors.
 - a. Production and processing of marijuana products by the Tribes and any Tribal Enterprise must be conducted in accordance with Tribal Code Chapter 6-20 and the internal policies and controls of the Tribes or Tribal Enterprise. Tribal Code Chapter 6-20 as it exists on the date of this Compact is attached as Exhibit 1. Current copies of Tribal Code Chapter 6-20 and any internal marijuana policies and controls of the Tribes and any Tribal Enterprise will be made available online or made available for review by the Board upon request. The Tribes agrees to notify the Board of any changes to the Tribal Code that may affect marijuana products within ten days of the date of adoption by the Tribes.
 - b. The State requires that marijuana products sold by Producers or Processors to State Licensees be packaged, tested, and labeled in compliance with State marijuana laws. With respect to "edibles" this must include State preapproval of the product, packaging, and labeling before sale to State Licensees; PROVIDED, that such preapproval

shall not be unreasonably withheld and shall be timely provided. All transactions between the Tribes or Tribal Enterprises and State Licensees will be executed through the state traceability system following the same rules as State Licensees. All marijuana products sold to State Licensees will be fully traceable in the state's traceability system. Marijuana products will trace back to the plant(s) they were derived from and include results for all required quality assurance testing. All required test results must be entered into the traceability system by a Board-certified testing laboratory.

VIII. NOTICE TO LOCAL JURISDICTIONS

- A. The Parties agree that it is in the best interests of both Parties that notice be provided to neighboring jurisdictions prior to the commencement of operations of a Producer, Processor, or Retailer.
1. When the Tribes or any other Tribal enterprise proposes to open a new Producer, Processor, or Retailer the Tribes will provide, at least 30 days prior to the commencement of operations, written notice to the county or to the incorporated cities in which the activity will occur. The Parties agree that the purpose of the notice is to facilitate an exchange of information that may be helpful to all parties concerned in addressing unanticipated impacts with the understanding that such notice related to Indian country is a matter of intergovernmental courtesy and not required by state law.
 2. In accordance with the direction of the Legislature in RCW 43.06.490(3)(c) and RCW 69.50.331 to address problems arising out of cross-border commerce, when any business that is not a Tribal business applies to the Board for a Producer, Processor or Retailer license for a location in Indian Country, the Board agrees that such license will not be granted without the person or business first obtaining express written consent of the Tribes. The Tribes agrees to respond to the express written consent request within 20 days of notification from the Board. The express written consent request shall be delivered to each of the Tribes' contacts consistent with section XII.C Notice. If the Tribes does not respond within 30 days, the Board will assume non-consent

IX. TAXATION AND RECORD-KEEPING

The Parties recognize that RCW 43.06.490(2)(a) provides that “Each marijuana agreement adopted under this section must provide for a tribal marijuana tax that is at least one hundred percent of the state marijuana excise tax imposed under RCW 69.50.535 and state and local sales and use taxes on sales of marijuana.” The Parties further recognize that Sections 3, 4, and 5 of the Compacting legislation, codified at RCW 69.50.555, 82.08.9997, and 82.12.9997, provide exemptions from certain state taxes under the circumstances described in those sections.

A. State Tax.

Pursuant to RCW 69.50.555 no State Tax or fee, assessment, or other charge imposed by RCW 69.50 may be assessed against or collected from the Tribes, Tribal Enterprise, or retail customer purchasing from the Tribes or Tribal Enterprises if covered under the provisions of this Compact.

B. Tribal Tax.

1. Sales of marijuana products. The Tribes shall impose and maintain a Tribal Tax that is equal to at least 100 percent of the State Tax on all sales of marijuana products in Indian country, except that, consistent with RCW 43.06.490(2), the Tribes may allow an exemption from tax for sales to the Tribes, Tribal Enterprises, Tribal Member Businesses, or enrolled members of the Tribes on marijuana grown, produced, or processed within Indian Country, or for transactions otherwise exempt from state marijuana taxation under state or federal law. Medical marijuana products used in the course of medical treatment by a clinic, hospital, or similar facility owned and operated by the Tribes within Indian Country are exempted from tax. The Tribes may choose to levy a Tribal Tax on any transaction that may otherwise be exempt.

C. Audits.

At the State’s request, the Tribes will retain, at its own expense, an Auditor to test the Tribes’ compliance with this Taxation and Record-Keeping Section of the Compact. The Auditor will review a sample of records to verify the requirements of this section and will provide the State with a report detailing the results of the testing procedures, to include

identification of any instances of noncompliance with the terms of this section.

X. SAFETY AND ENFORCEMENT

A. The Tribes shall address safety and enforcement issues in accordance with the Tribal Code, this Compact, and internal policies and controls of the Tribes or Tribal Enterprise.

1. Premises Checks

- a. Premises Checks by the Tribes. The Tribal Enforcement Officer or other authorized agency may conduct its own premises checks in Indian Country to observe compliance with Tribal Code and this Compact and to provide support and education to Tribal Enterprises and staff. To the extent it is informed of the results of such premises checks, the Tribes will share the results of the premises checks with the Board.
- b. Premises Checks by the Board. The Board, through its staff, may also conduct premises checks. Prior to conducting any such check, the Board will contact the Tribal Enforcement Officer to provide reasonable notice of such premises check. Except as provided in the Cooperation Section below, the Tribal Enforcement Officer may observe and participate in all premises checks. The Board will share the results of such premises checks with the Tribes.

2. Compliance Checks - Minors

- a. Compliance Checks by the Tribes. The Tribes may conduct its own compliance checks in Indian Country using minors ages 18, 19, or 20 through the Tribal Enforcement Officer or other authorized agency in accordance with Tribal regulations and policies. To the extent it is informed of the results of such checks, the Tribes will provide the results of the checks to the Board. No criminal action may be taken against any minor who purchases marijuana as part of such a compliance check.
- b. Compliance Checks by the Board. Board staff may also conduct compliance checks. Prior to conducting any such check, the Board will

contact the Tribal Enforcement Officer to provide reasonable notice of such compliance check. Except as provided in the Cooperation Section below, the Tribal Enforcement Officer may observe and participate in all compliance checks. The Board will share the results of such compliance checks with the Tribes.

3. Cooperation. Both Parties will cooperate in good faith to undertake all Board requested checks jointly. The Tribal Enforcement Officer will make reasonable efforts to arrange and conduct all Board requested compliance checks within 24 hours of being provided notice of such request by the Board. All such notices shall be given, via email to the Tribal Enforcement Officer, and if requested by the Tribes, the Chairman of the Tribes. The Tribes will provide the relevant email addresses to the board. If the relevant email addresses change, the Tribes will provide the new email addresses to the board. If the Tribal Enforcement Officer is unable or unwilling to arrange and conduct such requested compliance check 48 hours after receiving the original notice, the Board may then perform the compliance check on its own without the Tribal Enforcement Officer. The locations to be checked will not be notified in advance of these checks by either Party. Should either Party have any concerns arising out of a compliance check or the results thereof, the Parties will meet in good faith to discuss any suggested changes to protocols for the compliance checks themselves or for marijuana sales by the Tribes or Tribal Enterprise that were checked.
4. Transportation Outside Indian Country. Transportation of marijuana products outside the boundaries of Indian Country shall be conducted in compliance with state law and Board rules.

XI. DISPUTE RESOLUTION

- A. Process Required. Neither Party, nor any officer or official acting on behalf of a Party, may petition any court to enforce this Compact unless (a) the dispute resolution process described in this Dispute Resolution Section has been followed in good faith to completion without successful resolution or (b) the other Party fails to enter into the dispute resolution. Should a dispute arise between the Parties regarding compliance with this Compact by either Party, the Parties will attempt to resolve the dispute through the following dispute resolution process:
- B. Notice. Either Party may invoke the dispute resolution process by notifying the

other, in writing, of its intent to do so. The notice must set out the issues in dispute and the notifying Party's position on each issue.

- C. Meet and Confer. The first stage of the process will include a face-to-face meeting between representatives of the two Parties to attempt to resolve the dispute by negotiation. The meeting must be convened within 30 days after the receiving Party's receipt of the written notice described in the Notice Section above. The representatives of each Party will come to the meeting with authority to settle the dispute. If the dispute is resolved, the resolution will be memorialized in a writing signed by the Parties.
- D. Mediation. The second stage of the process will be that if the Parties are unable to resolve the dispute within sixty (60) days after receipt of the initial written notice, the Parties will engage the services of a mutually agreed-upon qualified mediator to assist them in attempting to negotiate the dispute. Costs for the mediator will be divided equally by the Parties. The Parties will pursue the mediation process in good faith until the dispute is resolved or until ninety (90) days after the date of the mediation demand, whichever occurs first. The Parties may continue mediation after the 90-day period by mutual agreement. If the Parties cannot agree on a format for the mediation process, the format will be determined by the mediator. If the dispute is resolved, the resolution will be memorialized by the mediator in a writing signed by the Parties, which will bind the Parties.
- E. Procedure if the Dispute Remains Unresolved. After completion of the process described in the Dispute Resolution, Process Required Section above or one hundred eighty (180) days after the written notice described in Dispute Resolution, Notice Section above, whichever occurs first, either Party may terminate this Compact upon thirty (30) days' written notice sent to the persons listed in the Communication and Notice, Designated Contacts Section.
- F. Defense of This Compact. In any action filed by a third party challenging either the Tribes' or the State's authority to enter into or enforce this Compact, the Parties each agree to support the Compact and defend each of their authority to enter into and implement this Compact; provided, however, that this provision does not waive, and shall not be construed as a waiver of, the sovereign immunity of the Tribes or any of its subdivisions or enterprises.
- G. Traceability. Should either Party have any concerns arising out of operation of the traceability system or the results thereof, the Parties will meet in good faith to

discuss any issues. If parties fail to come to a resolution, either Party may invoke the Dispute Resolution Process of this Compact.

XII. COMMUNICATION AND NOTICE

- A. Designated Contacts. The Parties agree to maintain regular and open communication regarding the administration and implementation of this Compact. The Parties agree that the following individuals will be designated primary contacts regarding administration of this Compact:

For the State:

Agency Director
Liquor and Cannabis Board
3000 Pacific Ave SE
PO Box 43080
Olympia WA 98504 3080
360-664-1650

For the Tribes:

Chairman
Confederated Tribes of the Colville
Reservation
PO Box 150
Nespelem, WA 99155

- B. The Parties agree that if either Party believes that the goals and objectives of this Compact are not being met, that they will meet promptly to discuss any issues and concerns.
- C. Notice. Any notice that may be or is required to be sent under this Compact shall be sent as follows:

If to the State:

Office of the Governor
PO Box 40002
Olympia WA 98504 0002

With a copy to:

Agency Director
Liquor and Cannabis Board
3000 Pacific Ave SE
PO Box 43080
Olympia WA 98504 3080
360-664-1650

If to the Tribes:

Chairman
Confederated Tribes of the Colville
Reservation
PO Box 150
Nespelem, WA 99155

With a copy to:

Office of the Reservation Attorney
Confederated Tribes of the Colville
Reservation
PO Box 150
Nespelem, WA 99155

XIII. EFFECT, DURATION, AND AMENDMENT

- A. Term. This Compact shall remain in effect for a term of ten years unless the Parties mutually agree in writing that the Compact should be vacated or terminated and superseded by a new compact between the Parties within that time frame, or unless the Compact is terminated pursuant to the Dispute Resolution, Procedure if the Dispute Remains Unresolved Section above or the Change in Classification section below. The Compact shall be automatically renewed for successive periods of ten years, unless a Party provides written notice to the other, no later than 120 days before the expiration of the then current ten-year period, that it wishes to modify the terms of the Compact, or notice that declines to renew the Compact.
- B. Amendment. No amendment or alteration of this Compact shall arise by implication or course of conduct. This Compact may be altered only by a subsequent written document, approved by the Parties, expressly stating the Parties' intention to amend this Compact.
- C. Severability. If any provision of this Compact or its application to any person or

circumstance is held invalid, the remainder of the Compact shall not be affected.

- D. Change in Classification. If the classification of marijuana as a Schedule I drug is altered in any way or federal marijuana enforcement policy changes, the Parties agree to meet and discuss the need to modify this Compact. If such modifications cannot be agreed upon, then either Party may terminate this Compact upon 60 days written notice.
- E. Renegotiation. The parties may renegotiate the nature and/or scope of this Compact upon the written notice and request by either party if and when:
1. Laws in the State governing marijuana are enacted allowing activities which are now prohibited, or prohibiting activities that are now allowed;
 2. The Tribe wishes to engage in forms of marijuana-related businesses other than those authorized in this Compact; or
 3. Federal laws or policies governing marijuana change.
- F. Most Favored Nation Provision In Another Compact. If, at any time after the effective date of this Compact, the State enters into an agreement, compact, or consent decree with any other federally recognized Indian tribe or governmental agency thereof, relating to the regulation of marijuana in Indian country which includes a “most favored nation” provision, then, upon the Tribes’ written request, this Compact will be amended to include such provision. A “most favored nation” provision is defined as language by which the State agrees to accord a tribe or tribal government agency the same favorable terms that are offered in later agreements with any other tribe or tribal government agency. This will not be construed to require that the State offer the Tribes the option to receive the same terms offered to every tribe or tribal government agency, in the absence of a most favored nation provision in the Compact.

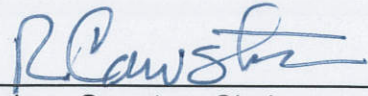
This Compact is hereby made this 3rd day of April, 2019.

STATE OF WASHINGTON



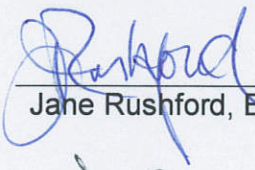
Jay Inslee, Governor

CONFEDERATED TRIBES OF THE
COLVILLE RESERVATION

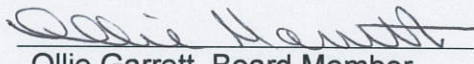


Rodney Cawston, Chairman

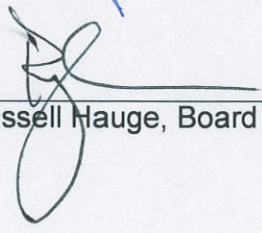
WASHINGTON STATE LIQUOR AND
CANNABIS BOARD



Jane Rushford, Board Chair



Ollie Garrett, Board Member



Russell Hauge, Board Member



Rick Garza, Agency Director

Chapter 6-20
Commercial Marijuana Production, Processing, Retail Sales

6-20-1

Purpose

The purpose of this Chapter is to govern the production, processing, taxation, purchase, sale and distribution of marijuana products in the Colville Tribes' Indian Country and to generate revenue for the Confederated Tribes of the Colville Reservation from the sales of marijuana products for support of essential government services provided by the Colville Tribes.

6-20-2

Title

This Chapter shall be known as the Commercial Marijuana Code of the Colville Tribal Code.

6-20-3

Definitions

As used in this Chapter, the following words and phrases shall each have the designated meaning unless a different meaning is expressly provided.

- (a) "Auditor" means a certified public accountant licensed and in good standing in the State of Washington.
- (b) "Authorization" has the same meaning as RCW 69.51A.010.
- (c) "Board" or "LCB" means the Washington State Liquor and Cannabis Board and its staff.
- (d) "Commercial marijuana activity" means all planting, growing, producing, cultivating, processing, and selling marijuana, marijuana concentrates, marijuana-infused products, and useable marijuana in Indian Country in accordance with Colville Tribal laws that govern recreational marijuana.
- (e) "Compact" means the Marijuana Compact between the Confederated Tribes of the Colville Reservation and the State of Washington, as it may be amended.
- (f) "Enforcement Officer" means the enforcement personnel authorized to inspect and enforce this chapter.
- (g) "Essential Government Services" means services provided by the Tribe including, but not limited to, administration, public facilities, fire, police, health, education, elder care, social services, sewer, water, environmental and land use, transportation, utility services, community development, and economic development.
- (h) "Indian Country" means the lands of the Tribes as defined by 18 U.S.C. § 1151, including the Tribe's Reservation and all lands held in trust or restricted fee status by the United States for the Tribe or its Tribal Members within the state of Washington and not within another tribe's reservation.
- (i) "Marijuana," "marijuana concentrates," "marijuana-infused products," and "useable marijuana" as used in this Chapter shall have the same meanings as in RCW 69.50.101 or any amendments thereto. Together, these terms are referred to as "marijuana product" or "marijuana products."
- (j) "Processor" means any marijuana processor in Indian Country licensed or licensed by the Board pursuant to RCW 69.50.325 to process marijuana into useable marijuana, marijuana concentrates, and marijuana-infused products, package and label useable marijuana and marijuana-infused products for sale to retailers, or any Tribe or Tribes otherwise allowed to process marijuana under a marijuana compact with the Board.
- (k) "Producer" means any marijuana producer licensed by the Board pursuant to RCW 69.50.325 to produce and sell marijuana at wholesale to processors and other producers, and any marijuana

producer in Indian Country licensed or otherwise allowed to produce marijuana pursuant to a marijuana compact with the Board.

(l) “Retailer” means any marijuana retailer licensed to sell useable marijuana, marijuana concentrates, and marijuana-infused products in a retail outlet by the Board pursuant to RCW 69.50.325 and any marijuana retailer in Indian Country licensed or otherwise allowed by the Tribes or any other Tribes with a marijuana compact with the Board.

(m) “State” means the State of Washington.

(n) “State Licensee” means any marijuana producer, marijuana processor, or marijuana retailer licensed by the Board pursuant to RCW 69.50 or WAC 314-55, RCW 69.51A, WAC 314-55, or any other regulations promulgated thereunder.

(o) “State Tax” means the marijuana excise tax as stated in RCW 69.50.535 and the State and local sales and use tax on sales of marijuana as stated in RCW 82.08 and RCW 82.12, all as may be amended from time to time.

(p) “Tribal Code “or “CTC” means the Colville Tribal Code.

(q) “Tribal Council” means the Colville Business Council.

(r) “Tribal Enterprise” means CRMS LLC or other business or businesses formed by the Tribes which are authorized to sell marijuana products under this Chapter.

(s) “Tribal Tax” means a tax imposed by the Tribe on marijuana activities.

(t) “Tribe” or “Tribes” means the Confederated Tribes of the Colville Reservation.

6-20-4

Findings

(a) Historically, the production, possession, delivery, distribution, and sale of marijuana have been illegal across the United States and in Indian Country. In 2012, Washington voters passed Initiative 502 (“I-502”) which sets forth a tightly regulated, state licensed system allowing for the production, processing, and retail sale of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products for recreational purposes within the State of Washington.

(b) Through State law and the Board’s implementing rules, the State has legalized possession of limited amounts of marijuana and the production, processing, and sale of marijuana by licensed businesses and has set forth a civil regulatory system that keeps marijuana production, processing, and sale in the State regulated and safe for the public and accomplishes the following priorities: preventing the distribution of marijuana to minors; preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; preventing the diversion of marijuana from states where it is legal under state law in some form to other states; preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; preventing violence and the use of firearms in the cultivation and distribution of marijuana; preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and preventing marijuana possession or use on federal property.

(c) After serious deliberation, the Tribes, as a sovereign nation, has also determined that present day circumstances make a complete ban of marijuana within Indian Country ineffective and unrealistic and has decriminalized its sale and possession in certain circumstances. At the same time, consistent with the priorities described above, the need still exists for strict regulation and control over the production, possession, delivery, distribution, sale, and use of marijuana in Indian Country.

(d) The State and the Tribes have recognized the need for cooperation and collaboration with regard to marijuana in Indian Country. The State has authorized the entry of this Compact by the Compacting legislation, enacted by the 2015 Regular Session of the Legislature. Laws of 2015, Chapter 207. Through Section 2 of this legislation, codified at RCW 43.06.490, the State authorized the Governor to enter into Compacts concerning the regulation of marijuana and to delegate the authority to negotiate the Compacts to the Board.

(e) The Tribes and the State share a strong interest in ensuring that marijuana production, processing, and sales in Indian Country are well-regulated to protect public safety and community interests. The Tribes and the State acknowledge that pursuant to federal law, 21 U.S.C. § 812, marijuana is a Schedule I controlled substance and that this Compact does not protect the sales or regulation of marijuana in Indian Country from federal law; however, the Parties have entered into this Compact in order to strengthen their ability to meet these mutual interests and to provide a framework for cooperation to ensure a robust tribal and state regulatory and enforcement system.

(f) It is in the best interests of the Tribes and the State that they further implement the government-to-government relationship between them, as recognized in the Centennial Accord of August 4, 1989, by entering into a compact to protect public health and safety, ensure a lawful and well-regulated marijuana market, encourage economic development in Indian Country, and provide fiscal benefits to both the Tribes and the State.

(g) The Tribe therefore enacts this chapter in an effort to strictly regulate and control the production, distribution, sale, and use of marijuana in Indian Country and to provide fiscal benefits to the Tribes and its members. (Resolution 2018-417)

6-20-5

Tribal Marijuana Tax

(a) A tribal marijuana tax equal to one hundred percent (100%) of the state tax then in effect levied will be levied on all sales of marijuana products in Indian Country, except that, consistent with applicable law the Tribes may allow an exemption from tax for sales to Tribes, Tribal Enterprises, or enrolled members of the Tribes on marijuana grown, produced or processed within Indian Country, or for transactions otherwise exempt from Washington state marijuana taxation under state or federal law. The Tribes may choose to levy a Tribal Tax on any transaction that may otherwise be exempt.

(b) The tribal marijuana tax must be remitted to the Tribe's Accounting Office on a monthly basis pursuant to the requirements of this Chapter.

(c) The Tribes will use the proceeds of such tax for essential government services.

6-20-6

Sales, Production and Processing of Marijuana Products

(a) Colville Tribal Members or Tribal Enterprises may produce, process or offer for sale or sell any marijuana products within the Colville Tribes' Indian Country only as allowed pursuant to the Tribes' Marijuana Compact with the State, the Tribal Code and the internal policies and controls of the Tribes or Tribal Enterprise

(b) A Colville Tribal LLC may operate businesses as referenced in the Marijuana Compact for the purpose of retail sales of marijuana located in the Tribes' Indian Country pursuant to notification as required by the Tribes' Marijuana Compact.

(c) A Colville Tribal LLC organized under the Colville Tribal Code may also operate a recreational marijuana production operation subject to all applicable laws and requirements for marijuana production and processing.

6-20-7

Requirements for Tribal Businesses Producing, Processing or Selling Marijuana Products

(a) All employees of Tribal business(es) producing, processing or selling marijuana products must submit to and pass fingerprint-supported criminal background checks prior to beginning production, processing or sales of marijuana products.

(b) No Tribal business authorized for marijuana production, processing or retail sales may employ any person who has been convicted of, or entered a plea of guilty or no contest to, any of the following criminal offenses:

(1) Any felony in the preceding ten (10) years; and

(2) Any crime involving dishonesty within the preceding ten (10) years, including, not exclusively: fraud; forgery; possession of a forgery device; theft; counterfeiting; embezzlement; making a false representation; obstruction of justice; intent to defraud; bribery; mail fraud; perjury; willful tax evasion; attempt, aiding and abetting, being an accessory, and/or conspiracy.

(c) The business must provide to the Tribes' Accounting Office an operating plan detailing how requirements for security, traceability, employee qualifications and training, transportation of product, and destruction of waste product will be met, and include a description of what products will be sold and how they will be displayed and proof of liability insurance as required by this chapter.

(d) The operating plan will be accompanied by a floor plan of the business location, indicating the placement of security cameras and other security devices.

(e) All businesses authorized to produce, process or sell marijuana or marijuana products must follow the required processes in the Colville Tribal Code, Chapter 4-3, "Land Use and Development" and receive required permits for the proposed business location, and must comply with all other applicable Tribal laws, including Chapter 6-3, "Building Code." Applicants must attach to their application evidence that they have received the permits required under the Code.

(f) Authorized representatives/managers of businesses producing, processing or selling marijuana products must allow access to enforcement officers for purpose of enforcing all applicable laws.

6-20-8

Producing and Processing of Marijuana Products.

(a) No producing or processing of marijuana products may occur within one thousand (1,000) feet of a school, playground, or daycare center.

(b) No persons under twenty-one (21) years of age may enter or be employed at a producing or processing facility.

(c) Production facilities may be located indoors or outdoors, provided that they are fully secure, have physical barriers, and meet safety and security protocols as outlined more specifically in this Chapter.

(d) No recreational marijuana planting may occur within four miles of the nearest boundary of any planting of a hemp cultivation site.

(e) No recreational marijuana planting may occur within fifteen miles of the nearest boundary of any hemp seed cultivation site.

(f) All processing facilities must meet the standards as would be required for food handling under Indian Health Services requirements.

(g) Before sale to any retailer, marijuana products must be tested by a tribally or state-licensed lab that follows quality assurance testing protocols at least as restrictive as state law.

(h) All marijuana products must be packaged and labeled in accordance with this Chapter. Packaging and labeling designed to be especially appealing to children is prohibited. All marijuana-infused products meant to be eaten, swallowed, or inhaled must be packaged in child proof packaging.

(i) All marijuana products sold by a tribally-licensed marijuana producer or processor to a state licensee must meet the testing, packaging, and labeling requirements otherwise required under state law. Such sales must be input into the state's traceability system within twenty-four hours of delivery.

(j) Tribal marijuana producers, processors or retailers may only purchase marijuana products only from (1) other tribes with marijuana compacts with the state of Washington or (2) state licensees.

6-20-9

Retail Sales of Marijuana Products.

(a) No retail locations may be located within one thousand (1,000) feet of a school, playground or day care center.

(b) No persons under twenty-one (21) years of age may enter or be employed at a retail facility, except that a qualifying patient between eighteen (18) and twenty-one (21) years of age may enter a retail facility if (1) the qualifying patient enters the retail facility for the purpose of having his or her authorization entered into the medical marijuana authorization database or (2) the qualifying patient has already been entered into the medical marijuana authorization database and hold a valid recognition card and seeks to purchase products for his or her personal medical use.

(1) Acceptable identification for proof of age includes: driver's license or ID card, or instruction permit issued by any U.S. state or Canadian province; Washington temporary driver's license; tribal enrollment card; passport from any nation; U.S. military ID; or Merchant Marine card issued by U.S. Coast Guard.

(2) The Tribe may conduct its own compliance checks in Indian Country using minors ages eighteen (18), nineteen (19), or twenty (20) through the Enforcement Officer (or his/her designee) or other authorized agency in accordance with tribal regulations and policies. No criminal action may be taken against any minor who purchases marijuana as part of such a compliance check.

(c) Any advertising located outside of Indian Country must comply with RCW 69.50 and WAC 314-5(d) maximum sales.

(d) No retail location may sell more than one (1) ounce of useable marijuana, sixteen (16) ounces of marijuana-infused product in solid form, seventy-two (72) ounces of marijuana-infused product in liquid form, or seven (7) grams of marijuana concentrate in a single transaction.

(e) No retail location may sell more than three (3) ounces of useable marijuana, forty-eight (48) ounces of marijuana-infused product in solid form, two hundred sixteen (216) ounces of marijuana-infused product in liquid form, or twenty-one (21) grams of marijuana concentrate to a qualifying patient or designated provider who has been entered into the medical marijuana authorization database and holds a valid recognition card pursuant to and in compliance with state law, and who is eighteen (18) years of age or older.

(f) The Tribal Enterprise engaged in the authorized production, processing or sale of marijuana products shall develop policies and procedures governing records to be maintained, security requirements, advertising, maximum quantities on premises, transport and delivery, and other matters related to retail sales in accordance with applicable law and regulations.

6-20-10

Traceability of Marijuana Products

All marijuana products purchased from tribal or state licensed marijuana producers and/or processors shall be inputted into the State's tracking system within 24 hours of delivery. Tribal

marijuana retailers may not purchase marijuana from other marijuana retailers, whether tribal or state licensees, for resale.

6-20-11

Security Provisions

(a) Marijuana producers, processors, and retailer sales operations will have alarm and surveillance systems at all locations involved in the commercial production, processing and sale of marijuana.

(b) Marijuana production and processing facilities must have locking doors and windows which provide emergency ingress and egress in accordance with applicable regulations.

(c) Outdoor and greenhouse cultivation operations will be enclosed by a secure perimeter fence at least six feet in height. The fence must include a lockable gate that is locked when a qualified employee is not in the immediate area.

6-20-12

Indemnity

(a) The Tribe indemnifies any Tribal Council member, board member, manager, or employee of the Tribe, made party to a proceeding because of their role in commercial marijuana activity, against personal liability incurred in a proceeding if:

(1) The individual acted in his or her official capacity;

(2) The individual acted in good faith; and,

(3) The individual acted in accordance with applicable laws and regulations, and in accordance with policies of the Tribe and/or a Tribal Enterprise.

(b) "Proceeding" means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal related to the production, processing, or sale of marijuana.

(c) "Liability" means the obligation to pay a judgment, settlement, penalty, or fine, or reasonable expenses incurred with respect to a proceeding.

6-20-13

Compliance

(a) The Enforcement Officer (or his/her designee) or the Washington Liquor and Cannabis Control Board will conduct compliance checks consistent with the Tribes' Marijuana Compact.

(b) All reports of non-compliance will be forwarded to the Accounting Office and the Washington Liquor and Cannabis Control Board.

(c) In the event of a finding of non-compliance, the Enforcement Officer and/or Washington Liquor and Cannabis Control Board will document the event, and work cooperatively to ensure that the issue is understood and corrected. The Enforcement Officer Board may check those same areas for compliance on unannounced future inspections.

(d) Corrective action for non-compliance will be taken as appropriate and required by applicable law.

(e) Nothing herein may be deemed to in any way limit or prohibit a criminal prosecution of a marijuana retail shop operator or marijuana production facility operator for any violation of the Colville Tribes' criminal statutes.

6-20-14

Liability Insurance

All tribal marijuana producers, processors, and retailers shall maintain liability insurance upon their premises in the sum of \$100,000.00 and provide proof of insurance to the Tribes.