

MARIJUANA COMPACT
Between
FORT MCDERMITT PAIUTE AND SHOSHONE TRIBE
And
THE STATE OF NEVADA

I. Introduction

This compact is entered into pursuant to Senate Bill 375, Chapter 305, Laws of 2017 (the “Compacting Legislation”). This document will be cited as the Marijuana Compact between the Fort McDermitt Paiute and Shoshone Tribe of Nevada and Oregon and the State of Nevada, and hereinafter referred to as the “Compact.”

II. Parties

The Parties to this Compact are the Fort McDermitt Paiute and Shoshone Tribe of Nevada and Oregon (the “Tribe”), and the State of Nevada (the “State”) (collectively, the “Parties”).

The Tribe is located on the Fort McDermitt Indian Reservation, which partially lies within the State of Nevada. The Tribe is a federally-recognized Indian tribe possessed of the full sovereign powers of a government.

The State is a state within the United States of America, possessed of the full powers of a state government. The Nevada Department of Taxation (the “Department”) is an executive department of Nevada State government operating under the authority of the Governor, with statutory authority with respect to cannabis under Nevada Revised Statutes (“NRS”) Chapters 453A and 453D. The Compacting Legislation allows the Governor to enter into an agreement with any federally-recognized Indian tribe located within the geographical boundaries of Nevada regarding marijuana (cannabis).

III. Purpose

Historically, the cultivation, possession, delivery, distribution, and sale of marijuana (cannabis) have been illegal across the United States and in Indian Country. In 2016, Nevada voters passed Question 2, which sets forth a tightly regulated, state-licensed system allowing for the cultivation, processing, and retail sale of marijuana, marijuana concentrates, useable marijuana, and marijuana -infused products for recreational purposes within the State.

While the federal Controlled Substances Act continues to designate marijuana (cannabis) as a Schedule 1 substance, on August 29, 2013, the United States Department of Justice issued a memorandum to all United States Attorneys (the “Cole Memorandum”) setting forth guidance regarding marijuana (cannabis) enforcement. In that memo, James M. Cole, Deputy Attorney General, established eight enforcement priorities of particular importance to the federal government: (1) preventing the distribution of marijuana to minors; (2) preventing revenue from the sale of marijuana from going to criminal

enterprises, gangs, and cartels; (3) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (4) preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; (5) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (6) preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; (7) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and (8) preventing cannabis possession or use on federal property. The Cole Memorandum further states that the focus of federal law enforcement resources and efforts will be on those whose conduct interferes with the stated priorities and that state and local governments should provide sufficiently robust regulatory and enforcement systems to protect against these harms.

On October 28, 2014, the United States Department of Justice issued another memorandum to all United States Attorneys (the “Wilkinson Memorandum”) providing a policy statement regarding marijuana (cannabis) issues in Indian Country. In that memo, Monty Wilkinson, Director, Executive Office for United States Attorneys, acknowledged that “[t]he eight priorities in the Cole Memorandum will guide United States Attorneys’ marijuana enforcement efforts in Indian Country, including in the event that sovereign Indian Nations seek to legalize the cultivation or use of marijuana in Indian Country.” The Wilkinson Memorandum effectively treats tribal governments the same as state governments in the decision to legalize marijuana (cannabis).

Through Nevada law and the Department’s implementing rules, the State has decriminalized the cultivation, possession, delivery, distribution, sale, and use of marijuana (cannabis) in the State and has attempted to set forth a civil regulatory system that accomplishes the federal priorities set forth above and keeps marijuana (cannabis) production, processing, and sale in the State regulated and safe for the public.

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

The State and the Tribe recognize the need for cooperation and collaboration with regard to marijuana (cannabis) in Indian Country. The State has authorized the entry of this Compact by the Compacting Legislation, enacted by the 79th (2017) Session of the Nevada Legislature on May 23, 2017, signed by the Governor on June 2, 2017, effective June 2, 2017. Through this Compacting Legislation, the State authorized the Governor to enter agreements with American Indian tribes concerning the regulation of marijuana (cannabis).

The Parties share a strong interest in ensuring that marijuana (cannabis) 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 (cannabis) is a Schedule I controlled substance and that this Compact does not protect the sales or regulation of marijuana (cannabis) 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 sufficient to meet the federal priorities identified in the Cole and Wilkinson Memoranda.

The Parties acknowledge that the laws of the Tribe regarding marijuana (cannabis) products are, in all material ways relating to testing, labeling, tracking and packaging, at least as restrictive as the provisions of chapters 453A and 453D of NRS and any regulations adopted pursuant thereto and the tribal government is enforcing or will enforce those laws.

The Parties agree that it is in the best interests of the Tribe and the State that they enter into this Compact to enhance public health and safety, ensure a lawful and well-regulated marijuana (cannabis) market, encourage economic development in Indian Country, and provide fiscal benefits to both the Tribe and the State.

IV. Definitions

A. “Auditor” means a certified public accountant licensed and in good standing in the state of Nevada.

B. “Cannabis,” “edible cannabis products,” “cannabis concentrates,” “cannabis-infused products,” and “useable cannabis” as used in this Compact shall have the same meanings as “marijuana,” “edible marijuana products,” “marijuana concentrates,” “marijuana-infused products,” and “useable marijuana” as used in NRS Chapters 453, 453A, and 453D or any amendments thereto. Together, these terms shall be referred to in this Compact as “Cannabis Product” or “Cannabis Products.” Marijuana in NRS 453D.030 has the same meaning as cannabis in Chapter 30, Sec. 2 of the Code, therefore, hereafter cannabis and marijuana may be used interchangeably throughout this compact.

C. “Cannabis Cultivation Facility” means any cannabis cultivator in Indian Country licensed or otherwise allowed by the Tribe pursuant to Chapter 30 of the Code to cultivate and sell cannabis at wholesale to Cannabis Product Manufacturing Facilities and other Cannabis Cultivation Facilities.

D. “Cannabis Product Manufacturing Facility” means any cannabis processor in Indian Country licensed or otherwise allowed by the Tribe pursuant to Chapter 30 of the Code to process cannabis into useable cannabis, cannabis concentrates, and cannabis-infused products, package and label useable cannabis and cannabis-infused products for sale to retailers, and sell Cannabis Products at wholesale to retailers.

- E. The “Code” means the Law and Order Code of the Fort McDermitt Tribe of Oregon and Nevada.
- F. “Compact,” as previously defined in Part I, means this Marijuana (Cannabis) Compact Between the Fort McDermitt Paiute and Shoshone Tribe of Nevada and Oregon and the State of Nevada, as may be amended.
- 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 Tribe, including the Tribe’s Fort McDermitt Indian Reservation and all lands held in trust or restricted fee status by the United States for the Tribe or its Tribal Members.
- I. “FMCC” means Fort McDermitt Cannabis Commission, an agency of the Tribe.
- J. “Parties,” as previously defined in part II, means the State and the Tribe.
- K. “Retail Cannabis Store” means any cannabis retailer in Indian Country licensed or otherwise allowed by the Tribe pursuant to Chapter 30 of the Code to sell Cannabis Products in a retail outlet.
- L. “State,” as previously defined in Part II, means the State of Nevada.
- M. “State Licensee” means any Marijuana Product Manufacturing Facility, Marijuana Cultivation Facility, Marijuana distributor, Marijuana Testing Facility or Retail Marijuana Store licensed by the State.
- N. “State Tax” means any marijuana excise tax or sales and use tax imposed by the State on sales of Cannabis Products.
- O. “Tribal Enterprise” means FMCC or other business or agency owned in whole or in part by the Tribe and authorized to sell Cannabis Products under the Code.
- P. “Tribal Tax” means a tax imposed by the Tribe on cannabis activities.
- Q. “Tribe,” as previously defined in part II, means the Fort McDermitt Paiute and Shoshone Tribe of Nevada and Oregon.

V. Terms

A. Applicability. This Compact applies to the possession, cultivation, processing, and sale of Cannabis Products in Indian Country where the Tribe or Tribal Enterprise (i) delivers, causes delivery to be made to, or receives delivery of Cannabis Products from a State Licensee or (ii) physically transfers possession of Cannabis

Products from the seller to the buyer within Indian Country. Except as otherwise provided herein, the cultivation, processing, sale, and possession of Cannabis Products in Indian Country pursuant to the Code and in accordance with this Compact are not subject to the terms of NRS 453A, NRS 453D, NAC 453A or any other regulations promulgated under those NRS Chapters and any such activities will not be a criminal or civil offense under Nevada state law.

B. Retail Sales. The Tribe and/or its Tribal Enterprises may sell Cannabis Products in Indian Country pursuant to the Code and this Compact.

1. The Tribe shall notify the Department at least thirty (30) days prior to the opening of any Retail Cannabis Store. Such notification shall include:

- a. The identity of the entity that is operating the Retail Cannabis Store;
- b. The location of the Retail Cannabis Store; and
- c. Certification that the Retail Cannabis Store is located in Indian Country.

2. Retail sales of Cannabis Products by the Tribe and any Tribal Enterprise must be conducted in accordance with the Chapter 30 of the Code and the internal policies and controls of the Tribe or Tribal Enterprise. Chapter 30 of the Code as it exists on the date of this Compact is attached as Exhibit A. Current copies of Chapter 30 of the Code and cannabis internal policies and controls of the Tribe and any Tribal Enterprise will be made available for review by the State upon request. The Tribe agrees to notify the State of any changes to Chapter 30 of the Code that may affect Cannabis Products within ten (10) days of the date of adoption by the Tribe.

3. All Cannabis Products purchased by a Retail Cannabis Store from a State Licensee will be verified upon delivery in Indian Country, and confirmation of receipt will be made by executing the delivery invoice. The Retail Cannabis Store will input or cause to be input all delivered purchases into the State's tracking system within twenty-four (24) hours of any such delivery.

4. All Cannabis Products purchased by the Tribe or a Tribal Enterprise from the tribal government, tribal enterprise, or member of another federally-recognized Indian Tribe with a reservation located within Nevada, or sold by the Tribe or a Tribal Enterprise to the tribal government, tribal enterprise, or member of another federally recognized Indian Tribe with a reservation located within Nevada, will be recorded in either the Tribe's or the State's tracking system within twenty-four (24) hours of any such receipt or delivery. The Tribe and any Tribal Enterprise will make such records available for review by the State upon request.

C. Cultivating and Processing of Cannabis Products. The Tribe may allow the cultivation and processing of Cannabis Products in Indian Country pursuant to the following terms:

1. The Tribe shall notify the Department at least ninety (90) days prior to the start of operations of any Cannabis Product Manufacturing Facility or Cannabis Cultivation Facility. Such notifications shall include:

- a. The identity of the entity that is operating the Cannabis Product Manufacturing Facility or Cannabis Cultivation Facility;
- b. The location of the Cannabis Product Manufacturing Facility or Cannabis Cultivation Facility; and
- c. Certification that the Cannabis Product Manufacturing Facility or Cannabis Cultivation Facility is located in Indian Country.

2. Cultivation and processing of Cannabis Products by the Tribe and any Tribal Enterprise must be conducted in accordance with Chapter 30 of the Code and the internal policies and controls of the Tribe or Tribal Enterprise. Chapter 30 of the Code as it exists on the date of this Compact is attached as Exhibit A. Current copies of Chapter 30 of the Code and any internal cannabis policies and controls of the Tribe and any Tribal Enterprise will be made available for review by the State upon request. The Tribe agrees to notify the State of any changes to Chapter 30 of the Code that may affect Cannabis Products within ten (10) days of the date of adoption by the Tribe.

3. The State may require that Cannabis Products sold by the Tribe's authorized Cannabis Product Manufacturing Facilities and Cannabis Cultivation Facilities to State Licensees be packaged, tested and labeled in compliance with State of Nevada laws. With respect to "edibles" this may 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 Tribe and State Licensees will be executed through the State traceability system following the same rules as State Licensees.

D. State Licensees.

1. The Tribe and Tribal Enterprises may purchase Cannabis Products from or sell Cannabis Products to State Licensees or any other entity operating under a valid agreement authorized by the Compacting Legislation, including any amendments thereto, with or otherwise authorized by the State. All transactions between the Tribe and State Licensees must be executed through the State traceability system, and Cannabis Products purchased from or sold to State

Licensees must be tested to equivalent or higher standards as those required by the State of Nevada's laws.

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 Cannabis Products from or to the Tribe or a Tribal Enterprise in accordance with the terms of this Compact and the Code.

3. To the extent necessary, the State will work with the Tribe and with any State Licensees or otherwise authorized cannabis product manufacturing facilities, cannabis cultivation facilities, and retail cannabis stores to assure such entities that the Tribe and Tribal Enterprises are legally authorized to purchase and sell Cannabis Products pursuant to the terms of this Compact.

E. Taxes.

1. State Tax. The State acknowledges that no State Tax or fee, assessment, or other charge imposed by the State or local governments may be assessed against or collected from the Tribe, Tribal Enterprises, State Licensees, or retail customers in Indian Country related to any commercial activity related to the production, processing, sale, and possession of Cannabis Products governed by this Compact. To the extent any other State Tax, fee, assessment, or other charge imposed by the State or local government, or Tribal Tax is assessed against or collected from any State Licensee related to a sale to or purchase in Indian Country from the Tribe or Tribal Enterprises, of any cannabis product, it shall be refunded or otherwise paid by the State to the Tribe within thirty (30) days of receipt by the State or local government. Any refund amounts so received by the Tribe will be used for Essential Government Services. If Cannabis Products were originally purchased by a State Licensee from the Tribe or Tribal Enterprises and the State Licensee resold those Cannabis Products to a retail customer in the State, no refund will be granted to the Tribe on any State Tax collected by State Licensees from that retail customer.

2. Tribal Tax. The Tribe shall impose and maintain a Tribal Tax that is equal to at least 100 percent of the State Tax on all sales of Cannabis Products in Indian Country, unless (1) the sale is to the Tribe, Tribal Enterprise, or an enrolled member of the Tribe; (2) the transaction is otherwise exempt from State cannabis taxation under state or federal law; or, (3) the transaction involves medical marijuana products used in the course of medical treatments by a clinic, hospital, or similar facility owned and operated by the Tribe within Indian Country. The Tribe may choose to levy a Tribal Tax on any transaction that may otherwise be exempt.

a. While not required under State law, the Tribe agrees to use the proceeds of the Tribal Tax for Essential Government Services.

b. At the State's request, the Tribe will obtain, at its own expense, an Auditor to test the Tribe's compliance with part V section E 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.

F. Safety and Enforcement. The Tribe shall be responsible for and address safety and enforcement issues in accordance with the Code, this Compact, and internal policies and controls of the Tribe or Tribal Enterprise.

1. Premises Checks.

a. By the Tribe. FMCC may conduct its own premises checks in Indian Country to observe compliance with the 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, FMCC will share the results of the premises checks with the State.

b. By the State. The State, through its staff, may also conduct premises checks. Prior to conducting any such check, the State will contact FMCC to provide seventy-two (72) hours' written notice of such premises check. FMCC and/or authorized Tribal authorities must observe and participate in all premises checks. The State will share the results of such premises checks with FMCC and the Tribe.

c. Cooperation. Both Parties will cooperate in good faith to undertake all State-requested premises checks jointly. FMCC will make reasonable efforts to arrange and conduct all State-requested premises checks within twenty-four (24) hours of being provided written notice of such request by the State. All such written notices shall be sent to FMCC and the Chairman of the Tribe. Should either Party have any concerns arising out of a premises check or the results thereof, the Parties will meet in good faith to discuss any suggested changes to protocols of the premises checks themselves or of cannabis sales by the Tribe or Tribal Enterprise that were checked.

2. Compliance Checks/Minors.

a. By the Tribe. The Tribe may conduct its own compliance checks in Indian Country using minors ages 18, 19, or 20 through FMCC or other authorized agency in accordance with Tribal regulations and policies. To the extent it is informed of the results of such checks, FMCC will provide the results of the checks to the State. No criminal action may be taken against any minor who purchases cannabis as part of such a compliance check.

b. By the State. State staff may also conduct compliance checks. Prior to conducting any such compliance check, the State will contact FMCC to provide seventy-two (72) hours' written notice of such compliance check. FMCC and/or authorized Tribal authorities must observe and participate in all compliance checks. The State will share the results of such compliance checks with FMCC and the Tribe.

c. Cooperation. Both Parties will cooperate in good faith to undertake all State-requested compliance checks jointly. FMCC will make reasonable efforts to arrange and conduct all State-requested compliance checks within 24 hours of being provided written notice of such request by the State. All such written notices shall be sent to FMCC and the Chairman of the Tribe. 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 of the compliance checks themselves or of cannabis sales by the Tribe or Tribal Enterprise that were checked.

G. Dispute Resolution.

1. Neither Party, nor officers acting on either Party's behalf, may petition any court to enforce this Compact unless (a) the dispute resolution process described in subsections (a) through (d) below has been followed in good faith to completion without successful resolution or (b) the other Party fails to enter into the dispute resolution process. Should a dispute arise between the Parties regarding compliance with this Compact by either Party, or by their officers, employees or agents, the Parties will attempt to resolve the dispute through the following dispute resolution process:

a. 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.

b. 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 thirty (30) days after the receiving Party's receipt of the written notice described in subsection (a). The representatives of each Party will come to the meeting with the authority to settle the dispute. If the dispute is resolved, the resolution will be memorialized in a writing signed by the Parties.

c. Mediation. The second stage of the process will be that if the Parties are unable to resolve the dispute within sixty (60) days after the receiving Party's receipt of the written notice sent under subsection (a) above, 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 borne equally by the Parties. The Parties will pursue the mediation process in good faith until the dispute is resolved or until the mediator determines that the Parties are not able to resolve the dispute. If the Parties cannot agree on a format for the mediation process, the format will be that directed 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.

d. Arbitration.

- (1) If a Party terminates the process before completion, or if the mediator determines that the dispute cannot be resolved in the mediation process, or if the dispute is not resolved within one hundred twenty (120) days after the date the mediator is selected, either Party may initiate binding arbitration proceedings under the rules of the American Arbitration Association (“AAA”), but the AAA need not administer the arbitration. If the arbitrator determines that a Party is in violation of a material provision of this Compact, and such violation is not or cannot be cured within thirty (30) days after the arbitrator’s decision, then the other Party may terminate this Compact with sixty (60) days’ prior written notice.
- (2) The arbitrator shall have no authority to award monetary damages or issue injunctive or other equitable relief.
- (3) Each Party will bear its own legal costs incurred under this Section. All costs of the arbitrator will be shared equally.

2. 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, of or relating to the regulation of cannabis in Indian Country which includes a “most favored nation” provision, then, upon the Tribe’s 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 Tribe 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.

3. In any action filed by a third party challenging either the Tribe's 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 must not be construed as a waiver of, the sovereign immunity of the Tribe or any of its subdivisions or enterprises.

H. Termination. This Compact may be terminated with sixty (60) days' prior written notice if the Department reasonably determines, after adhering to the requirements of part V section G.1 and providing the Tribe a reasonable opportunity to cure any alleged breach, that the laws of the Tribe regarding Cannabis Products are, in any material way relating to testing, labeling, tracking and packaging, not as restrictive as the provisions of chapters 453A and 453D of NRS and any regulations adopted pursuant thereto or that the Tribe is not enforcing those laws.

I. Sovereign Immunity. The State agrees that, except for the limited purpose of resolving disputes in accordance with part V section G above, the signing of this Compact by the Tribe does not imply a waiver of sovereign immunity by the Tribe 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 cannabis regulation by the Tribe shall be in accord with this Compact.

J. 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 Tribe or its subdivisions or enterprises nor subject the Tribe or its subdivisions or enterprises to any State jurisdiction not agreed to in this Compact.

VI. 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:

Office of the Governor
General Counsel
101 N. Carson Street
Carson City, NV 89701
(775) 684-5670

Department of Taxation
Executive Director
1550 College Parkway, Suite 115
Carson City, NV 89706
(775) 684-2000

For the Tribe:

Tribal Chairman
P.O. Box 457
McDermitt, Nevada 89421
(775) 532-8259

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.

B. 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
General Counsel
101 N. Carson Street
Carson City, NV 89701
(775) 684-5670

With a copy to:

Department of Taxation
Executive Director
1550 College Parkway, Suite 115
Carson City, NV 89706
(775) 684-2000

If to the Tribe:

Tribal Chairman
P.O. Box 457
McDermitt, Nevada 89421
(775) 532-8259

With a copy to:

FMCC
P.O. Box 457
McDermitt, Nevada 89421
(775) 532-8259

VII. Effect, Duration, and Amendment

A. Term. This Compact shall remain in effect for a term of ten (10) 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. The Compact shall be automatically renewed for successive periods of ten (10) years, unless a party provides written notice to the other, no later than one hundred twenty (120) days before the expiration of the then current ten (10) year period, that it wishes to modify the terms of the Compact.

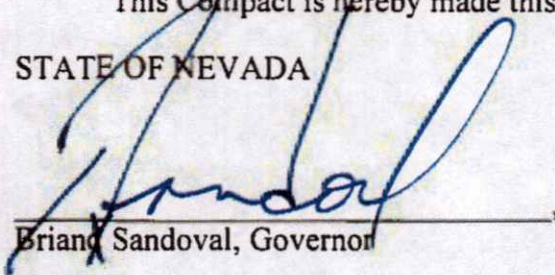
B. Amendment. No amendment or alteration of this Compact shall arise by implication or course of conduct. This Compact may be altered only by a subsequent written document, approved by the Parties, expressly stating the Parties' intention to amend this Compact.

C. Severability. If any provision of this Compact or its application to any person or circumstance is held invalid, the remainder of the Compact is not 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 (as described in part III, above) 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 with 60 days' written notice.

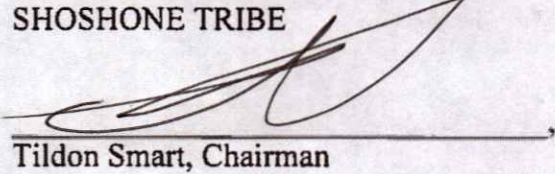
This Compact is hereby made this 11th day of October, 2017.

STATE OF NEVADA



Brian Sandoval, Governor

FORT MCDERMITT PAIUTE AND SHOSHONE TRIBE



Tildon Smart, Chairman

Chapter 30: Cannabis

Legislative History

This new chapter to the Fort McDermitt Law & Order Code was originally enacted on September 12, 2017, by the Tribal Council.

The Fort McDermitt Paiute-Shoshone Tribe of Oregon and Nevada is organized in accordance with Section 16 of the Indian Reorganization Act of June 18, 1934 (48 Stat. 984) as amended. The Tribal Council has enumerated powers under the Constitution to negotiate with Federal, State and local governments; and to manage all economic affairs and enterprises of the Fort McDermitt Paiute and Shoshone Tribe in accordance with the terms of a Compact between the Tribe and the State of Nevada.

In November 2016, the State of Nevada passed Question 2, a cannabis initiative, making legal the cultivation, manufacture, sale and possession of recreational cannabis and cannabis infused products.

The Tribal Council feels it is in the interests of health and public safety, of economic opportunity, and to better focus law enforcement resources on crimes involving violence and personal property, to make the possession, production and manufacture of recreational cannabis legal in Indian Country as specifically provided in this Chapter.

Sec 1. Findings and Purpose.

The Tribe hereby finds and declares that:

- (a) The United States recognizes Indian tribes as domestic dependent nations with sovereignty over their members and territories.
- (b) Pursuant to the Tribe's Constitution, the Tribal Council has the authority to adopt ordinances and to promote the general welfare of the Tribe.
- (c) The federal Controlled Substances Act, 21 U.S.C. § 801 *et. seq.*, classifies marijuana as a Schedule 1 drug and prohibits any possession or use of marijuana except in the course of federally approved research projects. The Controlled Substances Act makes it unlawful under federal law for any person to cultivate, manufacture, distribute, disperse or possess with intent to manufacture, distribute or disperse, marijuana.
- (d) In November 2016, the voters of the State of Nevada passed Question 2, an initiative to legalize, regulate and tax recreational cannabis in Nevada. The language of Question 2 is codified at Nevada Revised Statutes § 453D.

- (e) The Tribe has decided to open certain lands within its jurisdiction to the production and manufacture of recreational cannabis consistent with this Chapter.
- (f) The possession of cannabis on Tribal Lands is hereby legal. The production and manufacture of cannabis on Tribal Lands is also hereby legal; however, the only person or entity authorized to engage in the production and manufacture of cannabis is the Fort McDermitt Paiute and Shoshone Tribe of Nevada and Oregon through the Fort McDermitt Cannabis Commission (“FMCC”). No other production or manufacturing activity is authorized.
- (g) The production and manufacture of cannabis should be taken away from criminals and regulated under a controlled system where businesses will be taxed and the revenue will be dedicated to education, economic opportunity, and the enforcement of the regulations in this Chapter.
- (h) The production and manufacture of cannabis shall be regulated in the following manner:
 - (1) All cannabis businesses on Tribal Land shall be owned and/or operated by the Tribe through the FMCC.
 - (2) Cultivating, manufacturing, testing, transporting and selling cannabis will be strictly controlled through licensing and regulation.
 - (3) Except as provided in this Chapter, the provisions of Chapter 7 of the Code relating to cannabis remain in effect.
 - (4) No cannabis will presently be sold on Tribal Lands.

Sec. 2. Definitions.

- (a) “Cannabis” means all parts of any plant of the genus Cannabis, whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. “Cannabis” does not include
 - a. The mature stems of the plant, fiber produced from the stems, oil, or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stems (except the resin extracted therefrom) fiber, oil, or cake, the sterilized seed of the plant which is incapable of germination; or

- b. The weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.
- (b) “Cannabis cultivation facility” means an entity that cultivates, processes and packages marijuana, that has marijuana tested by a marijuana testing facility, and that sells marijuana to retail stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers.
- (c) “Cannabis distributor” means an entity that transports marijuana from a marijuana establishment to another marijuana establishment.
- (d) “Cannabis establishment” means a marijuana cultivation facility, a marijuana testing facility, a marijuana product manufacturing facility, a marijuana distributor, or a marijuana retail store.
- (e) “Cannabis product manufacturing facility” means an entity that purchases marijuana, manufactures, processes and packages marijuana and marijuana products, and sells marijuana and marijuana products to other marijuana product manufacturing facilities and to retail marijuana store, but not to consumers.
- (f) “Cannabis products” means products comprised of marijuana or concentrated marijuana and other ingredients that are intended for use or consumption, such as, but not limited to edible products, ointments and tinctures.
- (g) “Cannabis paraphernalia” means any equipment, products, and materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, preparing, testing, analyzing, packaging, repacking, storing, or containing marijuana, or for ingesting, inhaling or otherwise introducing marijuana into the human body.
- (h) “Cannabis testing facility” means an entity licensed by the Department to test marijuana and marijuana products, including for potency and contaminants.
- (i) “Concentrated marijuana” means the separated resin, whether crude or purified, obtained from marijuana.
- (j) “Department” means the Nevada Department of Taxation.
- (k) “Excluded felony offense” means a conviction of an offense that would constitute a category A felony if committed in the State of Nevada or

convictions for two or more offenses that would constitute felonies if committed in Nevada. It does not include:

- a. A criminal offense for which the sentence, including probation, incarceration or supervise release, was completed more than 10 years ago; or
 - b. An offense involving conduct that would be immune from arrest, prosecution or penalty under the Tribal Code or NRS chapter 493A.
- (l) “NRS” refers to Nevada Revised Statutes.
 - (m) “Process” means to harvest, dry, cure, trim, and separate parts of the marijuana plant,
 - (n) “Retail cannabis store” means an entity that purchases marijuana from marijuana cultivation facilities, that purchases marijuana and marijuana products from marijuana product manufacturing facilities and retail marijuana stores, and that sells marijuana and marijuana products to consumers.
 - (o) “State” refers to the State of Nevada.
 - (p) “Unreasonably impracticable” means that the measure necessary to comply with the regulations require such a high investment of risk, money, time or any other resource or asset that the operation of a marijuana establishment is not worthy of being carried out in practice by a reasonably prudent businessperson.

Sec. 3. Effect.

- (a) The provisions of this Chapter do not permit any person to engage in and do not prevent the imposition of any civil, criminal, or other penalty for:
 - (1) Driving, operating, or being in actual physical control of a vehicle, aircraft, or vessel under power or sail while under the influence of cannabis or while impaired by cannabis; or
 - (2) Violating Chapter 7 of the Code, except that the possession, production and manufacture of cannabis consistent with this Chapter is now legal. To the extent there is any conflict between this Chapter and Chapter 7 regarding the possession, production and manufacture of cannabis, this Chapter controls.

Sec. 4. Ownership of Cannabis Establishments.

All Cannabis Establishments on Tribal lands shall be owned by the Tribe through the FMCC. Neither non-tribal members nor individual tribal members may own such Cannabis Establishments.

Sec. 5. No Cannabis Establishments by school.

No Cannabis Establishment shall be located within one thousand feet of a public or private school that provides formal education traditionally associated with preschool or kindergarten through grade 12 and that existed as of July 31, 2017.

Sec. 6. Cannabis Establishments.

Cannabis Establishments shall:

- (a) Employ a combination of Tribal police and private security;
- (b) Utilize video surveillance;
- (c) Secure every entrance to the Establishment so that access to areas containing cannabis is restricted to persons authorized to possess cannabis;
- (b) Secure the inventory and equipment of the Cannabis Establishment during and after operating hours to deter and prevent theft of cannabis; and
- (c) Determine the criminal history of any person before the person works or volunteers at the Cannabis Establishment and prevent any person who has been convicted of an excluded felony offense or who is not 21 years of age or older from working or volunteering for the Cannabis Establishment.

Sec. 7. Production and manufacture.

- (a) All production and manufacture of cannabis must meet the following requirements:
 - (1) Must take place at a physical address approved by the Tribe and within an area that is controlled in a manner that restricts access only to persons authorized to access the area;
 - (2) Must not be visible from a public place by normal unaided vision;
 - (3) Must take place on property in the Cannabis Establishment's lawful possession or with the consent of the person in lawful physical possession of the property; and
 - (4) Must only be conducted by the FMCC.

Sec. 8. Inventory Tracking.

The Tribe will utilize the State's inventory tracking system to track all cannabis on Tribal property.

Sec. 9. Product Acquisition.

The Tribe shall only acquire cannabis from (1) entities under its control; (2) State-licensed Cannabis Establishments; and (3) other Nevada tribes who have exercised compacts with the State.

Sec. 10. Packaging, Testing and Labeling.

- (a) All cannabis products sold by the Tribe must be packaged, tested and labeled in compliance with the cannabis regulations of the State of Nevada.
- (b) Testing of cannabis products shall be conducted by laboratories licensed by the State/Department to the standards of the State.
- (c) The Tribe adopts the regulations of the State relating to serving sizes, potency labeling, and packaging limitations.

Sec. 11. Advertising.

Advertising on Tribal lands shall not appeal to minors. Advertisements off of Tribal lands will comply with State regulations.

Sec. 12. Enforcement of contracts.

It is the public policy of the Tribe that contracts related to cannabis under this Title and under NRS chapter 453D should be enforceable and shall not be deemed unenforceable on the basis that the actions or conduct permitted pursuant to the license are prohibited by federal law.

Sec. 13. Regulations.

The Tribe shall adopt regulations as necessary to carry out the provisions of this Title. These regulations must not prohibit the operation of Cannabis Establishments, either expressly or through regulations that make their operation unreasonably impracticable.

For the classes of regulations identified below, the Tribe's regulations shall be at least as restrictive as those of the State:

- (a) Requirements for the security of Cannabis Establishments;

- (b) Requirements to prevent the sale or diversion of cannabis and cannabis products to persons under 21 years of age;
- (c) Requirements for the packaging of cannabis and cannabis products, including requirements for child-resistant packaging;
- (d) Requirements for the testing and labeling of cannabis and cannabis products sold by Cannabis Establishments including a numerical indication of potency based on the ratio of THC to the weight of a product intended for oral consumption;
- (e) Requirements for record keeping by Cannabis Establishments; and
- (f) Procedures for the collection of taxes, fees, and penalties imposed by this chapter.

Sec. 14. Taxes.

The Tribe shall impose a Tribal tax that is equal to at least 100 percent of the State tax on all sales of marijuana products on Tribal lands. The Tribal tax shall not be imposed if (1) the sale is to the Tribe or an enrolled member of the Tribe or (2) the transaction is otherwise exempt from taxation under State or federal law.