

Marijuana Compact

Between

the Quinault Indian Nation

and

The State of Washington

Table of Contents

I. INTRODUCTION 2

II. PARTIES 2

III. PURPOSE AND INTENT 2

IV. DEFINITIONS 4

V. GENERAL MATTERS..... 5

VI. RETAIL SALES..... 8

VII. PRODUCING AND PROCESSING 9

VIII. NOTICE TO LOCAL JURISDICTIONS..... 10

IX. TAXATION AND RECORD-KEEPING..... 11

X. SAFETY AND ENFORCEMENT 12

XI. DISPUTE RESOLUTION 14

XII. COMMUNICATION AND NOTICE..... 15

XIII. EFFECT, DURATION, AND AMENDMENT..... 17

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 Quinault Indian Nation and the State of Washington, hereinafter referred to as the “Compact.”

II. PARTIES

The Parties to this Compact are the Quinault Indian Nation (“Nation”) and the State of Washington (“State”) (collectively, “Parties”).

The Nation is located on the Quinault Indian Reservation, which is in the state of Washington, and is a federally-recognized sovereign 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 Nation, as a sovereign tribal government, has also determined that present day circumstances make a complete ban of marijuana within Quinault Indian Country ineffective and unrealistic and has decriminalized its sale and possession in certain circumstances. At the same time, consistent with the above-referenced priorities, the need still exists for strict regulation and control over the production, possession, delivery, distribution, sale, and use of marijuana in Quinault Indian Country.

The State and the Nation have recognized the need for cooperation and collaboration with regard to marijuana in Quinault 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 Quinault 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 Quinault 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 Nation 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 Quinault Indian Country, and provide fiscal benefits to both the Nation 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. "Commission" or "QMC" means the Quinault Marijuana Commission.
- D. "Compact" means this Marijuana Compact between the Quinault Indian Nation and the State of Washington, as it may be amended.
- E. "Marijuana," as used in this Compact shall have the same meaning as in RCW 69.50.101 or any amendments thereto.
- F. "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 products."
- G. "Nation" means the Quinault Indian Nation.
- H. "Nation Enterprise" means the Quinault Marijuana Commission ("QMC") and any other business wholly or majority owned by the Nation and authorized by the Nation pursuant to the Quinault Indian Nation Constitution (1975) and its inherent sovereign authority to buy, process, produce, or sell marijuana products.
- I. "Nation Member-Owned Business" means a business owned by an enrolled member of the Nation.
- J. "Parties" means the Nation and the State.
- K. "Processor" means any marijuana processor licensed to process, package, and label marijuana products for sale at wholesale to processors and retailers by the Board pursuant to RCW 69.50.325, any processor in Quinault Indian Country licensed or otherwise authorized by the Nation, and any processor licensed or authorized by any other tribe with a marijuana compact with the Board.

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- L. “Producer” means any marijuana producer licensed to produce and sell marijuana products at wholesale to processors and other producers by the Board pursuant to RCW 69.50.325, any producer in Quinault Indian Country licensed or otherwise authorized by the Nation, and any producer licensed or authorized by any other tribe with a marijuana compact with the Board.
 - M. “QMC” means the Quinault Marijuana Commission authorized by the Quinault Indian Nation to buy, process, produce, or sell marijuana products.
 - N. “Quinault Indian Country,” consistent with the definition of “Indian country” set forth in 18 U.S.C. § 1151, means all lands within the Quinault Indian Reservation and all lands held in trust or restricted fee status by the United States for the Nation or its Tribal Members.
 - O. “Retailer” means any marijuana retailer licensed to sell marijuana products in a retail outlet by the Board pursuant to RCW 69.50.325, any retailer in Quinault Indian Country owned by the Nation, including QMC, or another Nation enterprise, and any retailer licensed or authorized by any other tribe with a marijuana compact with the Board.
 - P. “State” means the State of Washington.
 - Q. “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.
 - R. “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.
 - S. “Tribal Code” means the Quinault Tribal Code.
 - T. “Tribal Police” means the Quinault Indian Nation Division of Public Safety.
 - U. “Tribal Tax” means a tax imposed by the Nation on marijuana activities.

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 Nation does not waive the sovereign immunity of the Nation, the QMC, or any other Nation subdivision or enterprise. The Parties

further agree that any action by the State in regard to marijuana regulation by the Nation or QMC shall be in accord with this Compact.

- B. 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.
- C. Jurisdiction. This Compact does not increase or reduce the jurisdiction of either the Nation or the State.
- D. 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 Nation or its subdivisions or enterprises nor subject the Nation or its subdivisions or enterprises to any State jurisdiction not agreed to in this Compact.
- E. Applicability. Consistent with RCW 43.06.490, this Compact applies to sales in which the Nation, or QMC, or another Nation enterprise (i) delivers or causes delivery to be made to, or receive delivery of marijuana products from, a marijuana producer, processor, or retailer licensed under chapter 69.50 RCW or (ii) physically transfer possession of the marijuana from a seller to a buyer within Quinault Indian Country. Except as otherwise provided in this Compact, the production, processing, sale, and possession of marijuana products in Quinault Indian Country pursuant to the Tribal Code and in accordance with this Compact are not subject to the terms of chapter 69.50 RCW, chapter 69.51A RCW, 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.
- F. State Licensees.
 - 1. The Nation, QMC, and any other Nation Enterprise may purchase marijuana products from, or sell marijuana products to, State Licensees, the Nation, QMC or other Nation Enterprise, and any other person or entity operating pursuant to the laws of a tribe that has entered into a valid Compact, including any amendments thereto. All transactions between the Nation, QMC or other Nation 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 labelling.

2. The State will not cite, fine, or otherwise take any adverse licensing or other action against any State Licensee or any other tribe with a marijuana compact with the Board because of the mere fact that it bought or sold marijuana products from or to the Nation, QMC, or any other Nation enterprise in accordance with the terms of this Compact and the Tribal Code.
 3. To the extent necessary, the State will work with the Nation and with any State Licensees, any other tribe with a marijuana compact with the Board, or otherwise authorized producers, processors, or retailers to assure such entities that the Nation, QMC, and any other Nation Enterprises are legally authorized to purchase and sell marijuana products pursuant to the terms of this Compact.
 4. The current Tribal Code does not permit Nation Member-Owned Businesses to conduct retail sales, producing, processing, researching or testing of marijuana products in Indian Country. However, if the Tribal Code is revised to allow it, 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 this Compact is amended to allow it.
- G. Buffer Zone Requirements. To maintain community safety and compliance with the priorities set forth above, tribal marijuana producer, processor, and retail businesses in Quinault Indian Country must follow buffer zone requirements consistent with those outlined in RCW 69.50.331(8), and any subsequent amendments thereto as may be modified by the Nation consistent with subsections (b) through (d), and subject to interpretations of the grounds identified in subsection (a) that are within Quinault Indian Country, all as codified in the Tribal Code.
- H. References to Laws, Rules and Policies. References herein to Nation codes, Nation and State laws, and to Nation, State, and Board rules and policies, include codes, 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.
- I. Non-Tribal Partial Owners or Financiers. If the Nation is not the sole owner of

the tribal enterprise producing, processing, or selling marijuana products or receives financing from an organization outside of the Nation, the non-tribal owner or financier is subject to a criminal history background check and financial investigation performed by the board under 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. If the non-tribal owner does not pass the background check, and the Nation does not agree to seek a different partial owner, the board may invoke the Dispute Resolution Process of this Compact.

VI. RETAIL SALES

- A. Retail Sales. The Nation, acting through the QMC, and/or any other Nation Enterprise, may sell marijuana products in Quinault Indian Country pursuant to the Tribal Code and this Compact.
- B. Initial Location. The retail locations will be operated by the QMC and located in Quinault Indian Country.
- C. Other sales by the Nation, QMC or other Nation Enterprise. The Nation shall notify the State at least 30 days prior to the opening of any other Retailer owned by the Nation, QMC or other Nation Enterprise. Only new retail locations and not the location set forth in the Initial Location Section above shall be subject to this subsection C. 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 is located in Quinault Indian Country.
- D. Conditions on Retail Sales.
1. Retail sales of marijuana products by the Nation, QMC or any other Nation Enterprise must be conducted in accordance with the Tribal Code and the Rules, internal policies and controls of the Nation or QMC. Tribal Code Title 66 as it exists on the date of this Compact is attached as Exhibit A. Current copies of Tribal Code Title 66, Rules and internal policies and controls of the Nation or QMC will be made available online or made available for review by the Board upon request. The Nation agrees to notify the Board of any

changes to the Tribal Code that may affect the retail sale of marijuana products within ten days of the date of adoption by the Nation.

2. All marijuana products purchased by the Nation, QMC or any other Nation Enterprise from a State-licensed producer or processor will be verified upon delivery in Quinault Indian Country, and confirmation of receipt will be made by executing the delivery invoice. The Nation, QMC or other Nation 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 Nation, QMC or any other Nation Enterprise, or member or enterprise of another federally recognized Indian tribe with a reservation located within the state of Washington, or sold by the Nation, QMC or any other Nation Enterprise to a tribal government, or member or enterprise of another federally recognized Indian tribe with a reservation located within the state of Washington, will be recorded in either the Nation's or the State's tracking system within 24 hours of any such receipt or delivery. The Nation, QMC and any other Nation Enterprise will make such records available for review by the Board upon request.
4. Drive-through purchase facilities are prohibited. The Nation agrees 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 sale.

VII. PRODUCING AND PROCESSING

- A. Producing and Processing of Marijuana Products. The Nation or QMC may allow the production and processing of marijuana products in Quinault Indian Country pursuant to the following terms:
 1. Producing and/or Processing Location. The Producing and/or Processing location may be operated by the Nation, the QMC, or by any other Nation Enterprise and located in Quinault Indian Country.
 2. Production and/or Processing by the Nation, QMC or other Nation Enterprise. The Nation shall notify the State at least 90 days prior to the start of operations of any Producer or Processor owned by the Nation, QMC or any

other Nation Enterprise. New Producing and/or Processing locations shall be subject to this Section. Such notifications shall include:

- a. The identity of the entity which is operating the Producer or Processor location;
- b. Location of the premises; and
- c. Certification that the premises are located in Quinault Indian Country.

3. Conditions on Producers and Processors.

- a. Production and processing of marijuana products by the Nation, QMC, or by any other Nation Enterprise must be conducted in accordance with Tribal Code Title 66 and the Rules and the internal policies and controls of the Nation or QMC. Current copies of the Nation's Code Title 66, Rules and any internal policies and controls of the Nation and QMC will be made available online or made available for review by the Board upon request. The Nation agrees to notify the Board of any changes to the Tribal Code that may affect the production and processing of marijuana products within ten days of the date of adoption by the Nation.
- 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 Nation, QMC or other Nation Enterprise 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

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- 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 Nation, QMC or any other Nation Enterprise proposes to open a new production, processing or retail facility, the Nation 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 Quinault 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) 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 Quinault Indian Country, the Board agrees that such license will not be granted without the person or business first obtaining express written consent of the Nation. The Nation 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 Nation's contacts consistent with section XII.C Notice. If the Nation does not respond within 20 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 Nation, QMC or other Nation Enterprise, or retail customer purchasing from the Nation, QMC, or other Nation Enterprise if covered under the provisions of this Compact.

B. Tribal Tax.

Sales of marijuana products. The Nation 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 Quinault Indian Country, except that, consistent with RCW 43.06.490(2), the Nation may allow an exemption from tax for sales to the Nation, QMC, any other Nation Enterprise, any Nation Member-Owned Business, or an enrolled member of the Nation on marijuana grown, produced, or processed within Quinault 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 Nation within Quinault Indian Country are exempted from State Tax. The Nation may choose to levy a Tribal Tax on any transaction that may otherwise be exempt from any State Tax.

- C. At the State's request, the Nation will retain, at its own expense, an Auditor to test the Nation's 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 Nation shall address safety and enforcement issues in accordance with the Tribal Code, this Compact, and rules and internal policies and controls of the Nation or QMC.

1. Premises Checks

- a. Premise Checks by the Nation. The Tribal Police or other authorized agency may conduct its own premises checks in Quinault Indian Country to observe compliance with the Tribal Code and this Compact and to provide support and education to Nation Enterprises and staff and any other Nation licensees permitted by applicable law. To the extent it is informed of the results of such premises checks, the Nation will share the results of the premises checks with the Board.
 - b. Premise 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 QMC and the Tribal Police to provide reasonable notice of such premises check. Except as provided in the Cooperation Section below, the QMC and Tribal Police may observe and participate in all premises checks. The Board will share the results of such premises checks with the Nation.
2. Compliance Checks - Minors
- a. Compliance Checks by the Nation. The Nation may conduct its own compliance checks in Quinault Indian Country using minors ages 18, 19, or 20 through the Tribal Police or other authorized agency in accordance with Tribal regulations and policies. To the extent it is informed of the results of such checks, the Nation 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 QMC and the Tribal Police to provide reasonable notice of such compliance check. Except as provided in the Cooperation Section below, the QMC and Tribal Police may observe and participate in all compliance checks. The Board will share the results of such compliance checks with the Nation.
3. Cooperation. Both Parties will cooperate in good faith to undertake all Board requested premises and compliance checks jointly. The QMC or the Tribal Police will make reasonable efforts to arrange and conduct all Board requested premises or compliance checks within 24 hours of being provided notice of such request by the Board. All such notice shall be

sent, via email, to, the Chief of the Tribal Police. The Nation will provide the relevant email addresses to the Board. If the relevant email addresses change, the Nation will provide the new email addresses to the board. If the QMC or Tribal Police are unable or unwilling to arrange and conduct such requested premises or compliance checks 48 hours after receiving the original written notice, the Board may then perform the premises or compliance check on its own without the QMC or Tribal Police. 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 premises or compliance check or the results thereof, the Parties will meet in good faith to discuss any suggested changes to protocols for the premises or compliance checks themselves or for marijuana sales by the Nation, QMC, or Nation Enterprise that were checked.

4. Transportation Outside Quinault Indian Country. Transportation of marijuana products outside the boundaries of Quinault 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 process. 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 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 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 180 days after the initial written notice, whichever occurs first, either Party may terminate this Compact upon 30 days' written notice sent to the persons listed in Section XII.
- F. Defense of This Compact. In any action filed by a third party challenging either the Nation'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 shall not be construed as a waiver of, the sovereign immunity of the Nation 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
PO Box 43080
Olympia WA 98504 3080
360-664-1650

For the Nation: Quinault Indian Nation
Office of the Attorney General
PO Box 613
Taholah, WA 98587
360.276.8211 ext. 1400

- 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
PO Box 43080
Olympia WA 98504 3080
360-664-1650

If to the Nation: President

Quinault Indian Nation
PO Box 189
Taholah, WA 98587
360.276.8211 ext. 2010

With a copy to:

Quinault Indian Nation
Office of the Attorney General
PO Box 613
Taholah, WA 98587
360.276.8211 ext. 1400

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 Section XI, E above or Section XIII, D 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 it 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 remain valid and effective.
- 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 Nation 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.


This Compact is hereby made this 6th day of November, 2019.

STATE OF WASHINGTON




Jay Inslee, Governor

QUINALT INDIAN NATION




Fawn R. Sharp, President

WASHINGTON STATE LIQUOR AND
CANNABIS BOARD



Jane Rushford, Board Chair

Ollie Garrett, Board Member

Russell Hauge, Board Member

Rick Garza, Agency Director

EXHIBIT A

QUINAULT INDIAN NATION

TRIBAL CODE TITLE 66

TITLE 66

COMMERCIAL MARIJUANA INDUSTRY

TITLE 66 COMMERCIAL MARIJUANA INDUSTRY

- 66.01.010 Definitions
- 66.02.010 Findings
- 66.03.010 Establishment of the Quinault Marijuana Commission
- 66.04.010 Restrictions on the Production and Processing of Marijuana and Marijuana Products
- 66.05.010 Acquisition of Marijuana and Marijuana Products for Production, Processing, or Retail Sale
- 66.06.010 Restrictions on the Retail Sales of Marijuana Products
- 66.07.010 Licensing and Background Investigations
- 66.08.010 Packaging and Labeling.
- 66.09.010 Medical Marijuana
- 66.10.010 Compliance and Enforcement
- 66.11.010 Indemnification
- 66.12.010 Tribal Marijuana Tax

66.01.010 Definitions

- (a) "Authorization" has the same meaning as set forth in RCW 69.51A.010 (1).
- (b) "Buffer zone" means an area that is not less than one thousand feet from the perimeter of the property boundaries of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.
- (c) "Business Committee" means the Business Committee of the Quinault Indian Nation.
- (d) "Commercial marijuana activity" means all production, processing, and distributing and selling of marijuana and marijuana products, in Quinault Indian Country in accordance with this Title and other applicable laws of the Quinault Indian Nation.

- (e) “Compact” means an agreement between the Nation and the State of Washington Liquor and Cannabis Board (“LCB”) regarding the conduct of commercial marijuana activity.
- (f) “Designated provider” has the same meaning as in RCW 69.51A.010 (4).
- (g) “Essential government services” means services provided by the Nation, including, but not limited to, administration, public facilities, fire, police, courts, health, education, elder care, social services, sewer, water, environmental and land use, transportation, utility services, community development, and economic development.
- (h) “LCB” means the Washington State Liquor and Cannabis Board.
- (i) “Marijuana” has the same meaning as in RCW 69.50.101 (x).
- (j) “Marijuana products” includes “marijuana concentrates,” “marijuana-infused products,” and “useable marijuana,” and each such term has the same meaning as it is defined in RCW 69.50.101 (x) , (dd), and (uu), respectively, and any amendments thereto. Separately, each is a “marijuana product,” and together, these terms shall be referred to as “marijuana products.”
- (k) “Medical marijuana authorization database” has the same meaning as in RCW 69.51A.010 (15).
- (l) “Nation” means the Quinault Indian Nation, a federally-recognized, sovereign Indian tribe.
- (m) “Nation member” means an enrolled member of the Nation.
- (n) “Process” or “processing” means the conversion or transformation of marijuana into marijuana products.
- (o) “Production” has the same meaning as in RCW 69.50.101 (mm), which includes the manufacturing, planting, cultivating, growing, or harvesting of marijuana.
- (p) “Qualifying patient” has the same meaning as in RCW 69.51A.010 (19).
- (q) “Quinault Indian Country” means all lands within the Quinault Indian Reservation as established by the Treaty of Olympia, 12 Stat. 971, and the Executive Order dated November 4, 1873 (I Kapp. 923), all lands added thereto, and all other lands

held in trust or restricted fee status by the United States for the Nation or its members.

- (r) "Quinault Marijuana Commission," or "QMC," means the entity created and wholly-owned by the Nation, which is the only person or entity authorized to engage in commercial marijuana activity within Quinault Indian Country.
- (s) "Recognition card" has the same meaning as in RCW 69.51A.010 (20).
- (t) "State" means the State of Washington.
- (u) "State licensee" means any entity licensed by the LCB pursuant to RCW 69.50.331 and WAC 314.55, as they may be amended from time to time.
- (v) "State tax" means the marijuana excise tax as set forth in RCW 69.50.535 and the state and local sales and use tax on sales of marijuana as set forth in RCW 82.08 and RCW 82.12, respectively, all as may be amended from time to time.

66.02.010 Findings

- (a) Historically, the production, processing, possession, delivery, distribution, and sale of marijuana have been illegal across the United States and in Indian Country. In 2012, the voters of the State passed Initiative 502 ("I-502") that sets forth a system allowing for the production, processing, and retail sale of marijuana and marijuana products for recreational purposes within the State.
- (b) Although the federal Controlled Substances Act continues to designate marijuana as a Schedule I substance, the Business Committee finds that because of the legalization of marijuana by the State and other Tribal governments in the State, the complete prohibition of the possession and use of marijuana within Quinault Indian Country is unrealistic and impractical.
- (c) The Business Committee finds that it should exercise its treaty-guaranteed sovereign authority to regulate the sale of marijuana and marijuana products to accomplish the following purposes: (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 and reservations where it is legal under state law in some form to other states and reservations; (4) preventing tribal-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; and (6) preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use.

- (d) The Business Committee finds that the legalization of marijuana and marijuana products within Quinault Indian Country will enable the Nation to create jobs for Nation members and raise governmental revenues that can be used to fund the provision of essential governmental services for the Nation and its members, including the prevention and treatment of substance abuse.
- (e) The Business Committee, therefore, acting pursuant to its authority under Article IV, Section 2 of the Constitution, adopts this Title for the purpose of legalizing and regulating commercial marijuana activity within Quinault Indian Country.

66.03.010 Establishment of Quinault Marijuana Commission

- (a) The Business Committee hereby establishes the Quinault Marijuana Commission (“QMC”) as the sole entity through which the Nation will regulate and conduct commercial marijuana activity within Quinault Indian Country. No other person or entity is permitted to engage in commercial marijuana activity within Quinault Indian Country.
- (b) QMC is an instrumentality and subdivision of the Nation, and enjoys the same privileges and immunities as the Nation.
- (c) The Business Committee shall appoint five (5) persons to serve as Commissioners of QMC, at least three (3) of whom shall be Nation members. One person shall be appointed as the Chairperson and one as the Vice Chairperson.
- (d) Commissioners shall be appointed to serve a term of three (3) years, provided that with regard to the first persons appointed to serve as Commissioners, two shall be appointed to serve a term of three (3) years, two (2) shall be appointed to serve a term of two (2) years, and one (1) shall be appointed to serve a term of one (1) year.
- (e) The Business Committee shall appoint persons to serve as Commissioners who are knowledgeable and experienced in the areas of government regulation, law enforcement, and business management.
- (f) The Commission shall hire an Executive Director, subject to the final approval of the Business Committee. The Commission may hire such other personnel as are necessary to enable the Commission to fulfill its responsibilities under this Title.
- (g) The Business Committee shall establish an annual budget for, and appropriate such funds to, the Commission as are necessary to enable it to fulfill its responsibilities under this Title.
- (h) QMC has the authority to promulgate rules and regulations regarding all aspects of commercial marijuana activity, provided that any such rules and regulations shall

become effective only upon approval by the Business Committee after the proposed rules and regulations have been reviewed by the Quinault Police Department.

- (i) QMC shall adopt By-Laws and procedures setting forth the procedures for conduct of Commission meetings and the management of its operations, provided that such By-Laws and procedures will become effective only upon approval by the Business Committee.
- (j) QMC shall provide an annual report to the Business Committee regarding its regulatory and commercial activity, including a report of gross revenue and expenditures made by the Commission in carrying out its responsibilities under this Title. The annual report shall include recommendations for amendments to this Title and with regard to any other matter deemed significant by the Commission.
- (k) QMC is authorized to negotiate a compact, and amendments thereto, on behalf of the Nation with the LCB to facilitate the conduct of commercial marijuana activity within Quinault Indian Country, provided that the compact shall be effective for the Nation only upon approval by the Business Committee.
- (l) QMC is authorized to negotiate an agreement on behalf of the Nation with the State Department of Health related to the entry of data into, and use of, the medical marijuana authorization database.

66.04.010 Restrictions on the Production and Processing of Marijuana and Marijuana Products

- (a) Buffer zone. No production or processing of marijuana or marijuana products may occur within a buffer zone.
- (b) Minors. No persons under twenty-one (21) years of age may enter or be employed at a production or processing facility.
- (c) Facilities. Production and processing facilities shall be fully secure, have physical barriers, and meet the safety and security standards and protocols promulgated by the QMC.
- (d) Processing standards. All processing facilities of edible marijuana products shall meet the standards required for food handling under applicable Indian Health Services requirements. Such facilities shall also meet applicable standards for non-edible marijuana products.
- (e) Testing. Before sale to any retailer, marijuana products shall be tested by a lab licensed by either the Nation or the State that follows quality assurance testing

protocols at least as restrictive as required by WAC 314-55-102 and -097 or successor regulations.

- (f) Conditions of production and processing. QMC shall also promulgate rules governing: (1) records to be maintained; (2) maximum quantities that may be stored in a production or processing facility; (3) the transport and delivery of marijuana and marijuana products, and (5) other matters related to the production and processing of marijuana and marijuana products.

66.05.010 Acquisition of Marijuana and Marijuana Products for Production, Processing, or Retail Sale

- (a) QMC shall purchase marijuana and marijuana products for planting, growing, cultivation, production, processing, and distribution and retail sale only from: (1) other tribes that have a compact with the State or that are otherwise authorized pursuant to applicable law to engage in commercial marijuana activity; or (2) State licensees.
- (b) All marijuana and marijuana products purchased from state licensees shall be recorded in the State's tracking system within twenty-four (24) hours of delivery.

66.06.010 Restrictions on the Retail Sale of Marijuana Products

- (a) Buffer Zone. No retail locations may be located within a buffer zone.
- (b) Minors. 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 holds a valid recognition card and seeks to purchase products for his or her personal medical use.
- (c) Proof of Age. Acceptable identification for proof of age includes a government-issued card that includes a photograph, date of birth, expiration date and signature.
- (d) Advertising. Advertising conducted within Quinault Indian Country shall comply with any rules promulgated by QMC. Any advertising conducted or located outside of Quinault Indian Country shall comply with RCW 69.50.369 and WAC 314-55.
- (e) Maximum sales. No retail location may sell more than:

(1) 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.

(2) A single transaction by a retail store to a qualifying patient or designated provider who is entered into the medical marijuana database is limited to three ounces of useable marijuana, forty-eight ounces of marijuana-infused product meant to be eaten or swallowed in solid form, twenty-one grams of marijuana-infused extract or marijuana concentrate for inhalation, and two hundred sixteen ounces of marijuana-infused product in liquid form meant to be eaten or swallowed.

(f) Sales to State Licensees. All marijuana and marijuana products sold by QMC to a state licensee shall meet the testing, packaging, and labeling requirements otherwise required under State or federal law. Such sales shall be input into the State's traceability system.

66.07.010 Licensing and Background Investigations

- (a) QMC. QMC is hereby established as the sole entity licensed and authorized to conduct commercial marijuana activity within Quinault Indian Country. Every production and processing facility and every retail store or facility shall display a Quinault Indian Nation license where it can be seen by members of the public.
- (b) QMC shall have the authority to license Nation member-owned businesses to engage in commercial marijuana activity if this Title is amended to permit Nation members to engage in such activity consistent with the Compact.
- (c) Employees of QMC. The following persons shall be required to undergo a criminal background investigation and credit check before being employed by QMC:
 - (1) The Executive Director;
 - (2) The chief accounting officer;
 - (3) Any employee who is the custodian of, or has access to, any marijuana product, except for employees engaged exclusively in retail sales; and
 - (4) Any employee who is the custodian of, or has access to, cash or QMC financial records, except for employees engaged exclusively in retail sales.
- (d) The Board of Commissioners of QMC shall be responsible for ensuring that a criminal background investigation and credit check of any person being considered for

employment in a position described in subsection (b) is conducted before the person is hired.

(e) No person who is subject to the conduct of a criminal background investigation may be hired if such person 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, by way of example: 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 to commit any of the foregoing.

66.08.010 Packaging and Labeling.

(a) All marijuana and marijuana products shall be packaged and labeled in accordance with rules promulgated by QMC, which rules shall be consistent with State law.

(b) At minimum, such rules shall ensure that:

(1) All marijuana products meant to be eaten, swallowed, or inhaled are packaged in child-proof packaging;

(2) No packaging or labeling is designed especially to appeal to children or minors.

The rules may require the inclusion of health warnings regarding the use of marijuana and marijuana products on packaging and labeling as deemed appropriate by the QMC.

66.09.010 Medical Marijuana

(a) In accordance with the provisions of this Title, QMC is hereby authorized to produce, process, and sell marijuana for medical use to designated providers and qualifying patients who have been entered into the State medical marijuana authorization database and hold a valid recognition card pursuant to and in compliance with State law.

(b) QMC is hereby authorized to accept valid authorizations and enter the data of qualifying patients and designated providers into the medical marijuana authorization database.

(1) The medical marijuana authorization database is to be accessed only by QMC employees with proper training in accordance with QMC rules.

(2) The medical marijuana authorization database may also be accessed by the Quinault Tribal Police engaged in a bona fide specific investigation of a suspected marijuana-related activity that may be illegal under tribal or state law to confirm the validity of the recognition card of a qualifying patient or designated provider.

(3) Contents of the medical marijuana authorization database are considered confidential and may not be reviewed or disclosed except as otherwise stated herein. The improper access to, or disclosure of, information from the medical marijuana authorization database shall be subject to the penalties established by rules and regulations promulgated by the QMC.

66.10.010 Compliance and Enforcement

- (a) The Quinault Tribal Police Department shall be responsible for conducting compliance checks and investigations of QMC operations to ensure that they are conducted in conformance with this Title, any validly promulgated QMC rules, and the Compact.
- (b) The Tribal Police shall provide a written report to the QMC Board of Commissioners upon the completion of a compliance check or investigation reviewing any violations found and making recommendations for bringing operations into compliance or for the improvement of such compliance. A copy of the report shall be provided to the Quinault Business Committee of the Nation.
- (c) In the event the report determines that one or more QMC Commissioners have violated this Title, any validly promulgated QMC rule or regulation, or other applicable law, the report shall be provided directly to the Quinault Business Committee instead of the Commission.
- (d) The engagement in commercial marijuana activity or other conduct permitted by this Title and conducted in compliance herewith shall not constitute a crime or criminal offense under applicable law.
- (e) The QMC shall establish by regulation the penalties applicable to any violation of this Title, any rules or regulations promulgated hereunder, and the Compact.

66.11.010 Indemnification

- (a) The Nation shall indemnify any Business Committee member, Nation employee, or QMC Commissioner or employee made party to a proceeding because of their role in commercial marijuana activity permitted by this Title against personal liability incurred in a proceeding if such individual acted: (1) in his or her official capacity and within the scope of his or her employment; and (2) in accordance with the laws

and rules of the Nation and the QMC, or reasonably believed his or her conduct was in accordance with such laws and rules.

- (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 conduct of commercial marijuana activity.
- (c) "Liability" means the obligation to pay a judgment, settlement, penalty, or fine, or reasonable expenses incurred with respect to a proceeding, including reasonable attorney fees.

66.12.010 Tribal Marijuana Tax

- (a) There is hereby levied a tribal marijuana tax on all retail sales of marijuana and marijuana products that take place within Quinault Indian Country. Such tax is equal to one hundred percent (100%) of the State marijuana excise tax in effect at the time of such sale. The tax shall be paid by the buyer to the seller.
- (b) The marijuana tax is separate from and in addition to the sales and use tax that shall also be collected on such transactions.
- (c) The marijuana tax shall be remitted to the Nation Treasurer on a quarterly basis.
- (d) The Nation will use the proceeds of such tax for the funding of essential government services.
- (e) The Business Committee may, by the adoption of a resolution, exempt the following sales of marijuana and marijuana products from the tax:
 - (1) of marijuana grown, produced, or processed within Indian Country as that term is defined in 18 U.S.C. §1151;
 - (2) to Nation members that occur in Quinault Indian Country;
 - (3) for activities that would otherwise be exempt under state or federal law; and
 - (4) for medical marijuana products used in the course of medical treatments by a clinic, hospital, or similar facility owned and operated by the Nation within Quinault Indian Country.