

Marijuana Compact

Between

Sauk-Suiattle Indian Tribe

and

The State of Washington

Table of Contents

I. INTRODUCTION2

II. PARTIES2

III. PURPOSE AND INTENT2

IV. DEFINITIONS.....4

V. GENERAL MATTERS6

VI. RETAIL SALES8

VII. PRODUCING AND PROCESSING.....10

VIII. NOTICE TO LOCAL JURISDICTIONS11

IX. TAXATION AND RECORD-KEEPING12

X. SAFETY AND ENFORCEMENT.....13

XI. DISPUTE RESOLUTION14

XII. COMMUNICATION AND NOTICE16

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 Sauk-Suiattle Indian Tribe and the State of Washington, hereinafter referred to as the “Compact.”

II. PARTIES

The Parties to this Compact are the Sauk-Suiattle Indian Tribe (“Tribe”) and the State of Washington (“State”) (collectively, “Parties”).

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

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

III. PURPOSE AND INTENT

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

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

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

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

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

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

The Parties agree that it is in the best interests of the Tribe and the State that they further implement the government-to-government relationship between them, as

recognized in the Centennial Accord of August 4, 1989, by entering into a compact to protect public health and safety, ensure a lawful and well-regulated marijuana market, encourage economic development in Indian Country, and provide fiscal benefits to both the Tribe 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. "Compact" means this Marijuana Compact Between the Sauk-Suiattle Indian Tribe and the State of Washington, as it may be amended.
- D. "Indian Country," as defined by 18 U.S.C. § 1151, means all lands within the Tribe's Sauk-Suiattle Indian Reservation and all lands held in trust or restricted fee status by the United States for the Tribe or its Tribal Members. For purposes of illustration only, the Tribe will provide to the Board an electronic map of Indian country in a form that is compatible with the Board's computer hardware and software.
- E. "Marijuana," marijuana concentrates," "marijuana-infused products," and "useable marijuana" as used in this Compact shall have the same meanings as in RCW 69.50.101 or any amendments thereto. Together, these terms shall be referred to as "marijuana product" or "marijuana products."
- F. "Parties" means the Tribe and the State.
- G. "Cedar Board Inc." means Cedar Board Incorporated , a corporation chartered under the laws of the Sauk-Suiattle Indian Tribe and wholly owned by the Tribe.
- H. "Processor" means any marijuana processor licensed to process, package, and label useable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to processors and retailers by the Board pursuant to RCW 69.50.325 and any marijuana processor in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a marijuana compact with the Board.

- I. “Producer” means any marijuana producer licensed to produce and sell marijuana at wholesale to processors and other producers by the Board pursuant to RCW 69.50.325 and any marijuana producer in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a marijuana compact with the Board.
- J. “Retailer” means any marijuana retailer licensed to sell useable marijuana, marijuana concentrates, and marijuana-infused products in a retail outlet by the Board pursuant to RCW 69.50.325 and any marijuana retailer in Indian Country licensed or otherwise allowed by the Tribe or any other tribe with a marijuana compact with the Board.
- K. “State” means the State of Washington.
- L. “State Licensee” means any marijuana producer, marijuana processor, or marijuana retailer licensed by the Board pursuant to chapter 69.50 RCW, chapter 314-55 WAC, or any other regulations promulgated there under.
- M. “State Tax” means the marijuana excise tax as stated in RCW 69.50.535 and the State and local sales and use tax on sales of marijuana as stated in chapters 82.08 and 82.12 RCW, all as may be amended from time to time.
- N. “Tribal Police” if applicable means the Sauk-Suiattle Tribal Police.
- O. “Tribal Code” means the Sauk-Suiattle Cannabis Control Ordinance.
- P. “Tribal Enterprise” means Cedar Board Inc. or other business wholly or majority owned by the Tribe and authorized to sell marijuana products under the Sauk-Suiattle Cannabis Control Ordinance.
- Q. “Tribe” means the Sauk-Suiattle Indian Tribe.
- R. “Tribal Member Business” means a business owned by an enrolled member of the Tribe.
- S. “Tribal Tax” means a tax imposed by the Tribe 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 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 marijuana regulation by the Tribe shall be in accord with this Compact.
- B. Tribe Does Not Submit to State Jurisdiction. By entering into this Compact, the Tribe does not concede that the laws of the State apply to the Tribe, its businesses, agents, or members regarding activities and conduct within Indian Country.
- C. State Does Not Concede Tribal Immunity. By entering into this Compact, the State does not concede that the Tribe has any immunity from the State law.
- D. This Compact Does Not Create any Third Party Beneficiaries. No third party shall have rights or obligations under or be considered a beneficiary of this Compact.
- E. Jurisdiction. This Compact does not increase or reduce the jurisdiction of either the Tribe or the State.
- F. No Limitation. The Parties agree that the signing of this Compact and the resultant benefits and obligations shall not be construed as limiting any otherwise lawful activity of the Tribe or its subdivisions or enterprises nor subject the Tribe of its subdivisions or enterprises to any State jurisdiction not agreed to in this Compact.
- G. Applicability. Consistent with RCW 43.06.490, this Compact applies to the production, processing, and sale of marijuana products in Indian Country where the Tribe or Tribal Enterprise (i) delivers or causes delivery to be made to or receives delivery of marijuana products from a State Licensee or (ii) physically transfers possession of marijuana products from the seller to the buyer within Indian Country. Except as otherwise provided herein, the production, processing, sale, and possession of marijuana products in Indian Country pursuant to the Tribal Code and in accordance with this Compact are not subject to the terms of chapter 69.50 RCW and chapter 314-55 WAC, or any other regulations promulgated under that RCW Chapter, and any such activities will not be a criminal or civil offense under Washington state law.

H. State Licensees.

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

I. Tribal Member Businesses. The current Tribal Code does not permit Tribal Member Businesses to conduct retail sales, producing, processing, research or testing of marijuana products in Indian Country. However, if the Tribal Code is revised to allow Tribal Member Businesses then the Tribal Member Business may not purchase from or sell to a State Licensee, or conduct research or testing for transactions with a State Licensee, until such time as state law is amended to allow this activity and this Compact is amended to allow it.

J. Buffer Zone Requirements. To maintain community safety, tribal marijuana producer, processor, and retail businesses in Indian Country must follow buffer zone requirements outlined in RCW 60.50.331(8), and any subsequent amendments thereto as may be modified by the Tribe consistent with subsections (b) through (d), and subject to interpretations of the grounds identified in subsection (a) that are within Indian Country all as codified in Tribal Code.

K. References to Laws, Rules and Policies. References herein to Tribal ordinances, Tribal and State laws, and to Tribal, State, and Board rules and policies, include

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

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

VI. RETAIL SALES

- A. Retail Sales. The Tribe and/or its Tribal Enterprise may sell marijuana products in Indian Country pursuant to the Tribal Code and this Compact. This compact does not permit Tribal Member Businesses to conduct retail sales of marijuana products in Indian Country.
- B. Initial Location. The retail locations will be operated by the Tribal Enterprise and located at 22705 WA 530, Darrington, WA.
- C. Other sales by the Tribe or a Tribal Enterprise. The Tribe shall notify the State at least 30 days prior to the opening of any other Retailer owned by the Tribe or Tribal Enterprise. Only new retail locations and not the location set forth in the Initial Location Section above shall be subject to this Section. 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 Indian Country.

D. Conditions on Retail Sales.

1. Retail sales of marijuana products by the Tribe and any Tribal Enterprise must be conducted in accordance with the Tribal Code and the internal policies and controls of the Tribe or Tribal Enterprise. The Sauk-Suiattle Cannabis Control Ordinance as it exists on the date of this Compact is attached as Exhibit A. Current copies of the Sauk-Suiattle Cannabis Control Ordinance and marijuana internal policies and controls of the Tribe and any Tribal Enterprise will be made available online or made available for review by the Board upon request. The Tribe agrees to notify the Board of any changes to the Tribal Code that may affect marijuana products within ten days of the date of adoption by the Tribe.
2. All marijuana products purchased by the Tribe or a Tribal Enterprise from a State-licensed producer or processor will be verified upon delivery in Indian Country, and confirmation of receipt will be made by executing the delivery invoice. The Tribe or Tribal Enterprise will input or cause to be input all delivered purchases into the State's tracking system within 24 hours of receiving any such delivery.
3. All marijuana products purchased by the Tribe or a Tribal Enterprise from the tribal government, Tribal Enterprise, or member of another federally recognized Indian Tribe with a reservation located within the state of Washington, or sold by the Tribe or a Tribal Enterprise to a tribal government, Tribal Enterprise, or member of another federally recognized Indian Tribe with a reservation located within the state of Washington, will be recorded in either the Tribe's or the State's tracking system within 24 hours of any such receipt or delivery. The Tribe and any Tribal Enterprise will make such records available for review by the Board upon request.
4. Drive-through purchase facilities are prohibited. The Tribe 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 Tribe may allow the production and processing of marijuana products in Indian Country pursuant to the following terms:
1. Production and/or Processing by the Tribe or a Tribal Enterprise. The Tribe shall notify the State at least 90 days prior to the start of operations of any Producer or Processor owned by the Tribe or a Tribal Enterprise. Such notifications shall include:
 - a. The identity of the entity which is operating the Producer or Processor location;
 - b. Location of the premises;
 - c. Certification that the premises are located in Indian Country; and
 - d. If the notification is regarding production operations, the amount of marijuana intended to be grown by the Tribe for informational purposes in the co-management of the regulated marijuana market within Washington by the Tribe and the State of Washington.
 3. Conditions on Producers and Processors.
 - a. Production and processing of marijuana products by the Tribe and any Tribal Enterprise must be conducted in accordance with the Sauk-Suiattle Cannabis Control Ordinance and the internal policies and controls of the Tribe or Tribal Enterprise. The Sauk-Suiattle Cannabis Control Ordinance as it exists on the date of this Compact is attached as Exhibit A. Current copies of Sauk-Suiattle Cannabis Control Ordinance and any internal marijuana policies and controls of the Tribe and any Tribal Enterprise will be made available online or made available for review by the Board upon request. The Tribe agrees to notify the Board of any changes to the Tribal Code that may affect marijuana products within ten days of the date of adoption by the Tribe.
 - 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 Tribe or Tribal Enterprises and State Licensees will be executed through the state traceability system following the same rules as State Licensees. All marijuana products sold to State Licensees will be fully traceable in the state's traceability system. Marijuana products will trace back to the plant(s) they were derived from and include results for all required quality assurance testing. All required test results must be entered into the traceability system by a State-certified testing laboratory.

VIII. NOTICE TO LOCAL JURISDICTIONS

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

IX. TAXATION AND RECORD-KEEPING

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

A. State Tax.

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

B. Tribal Tax.

1. Sales of marijuana products. 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 marijuana products in Indian country, except that, consistent with RCW 43.06.490(2), the tribe may allow an exemption from tax for sales to the Tribe, Tribal Enterprise, Tribal Member Business, or an enrolled member of the Tribe on marijuana grown, produced, or processed within Indian Country, or for transactions otherwise exempt from state marijuana taxation under state or federal law. Medical marijuana products used in the course of medical treatment by a clinic, hospital, or similar facility owned and operated by the Tribe within Indian Country are exempted from tax. The Tribe may choose to levy a Tribal Tax on any transaction that may otherwise be exempt.

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

1. Premises Checks

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

2. Compliance Checks - Minors

- a. Compliance Checks by the Tribe. The Tribe may conduct its own compliance checks in 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 Tribe will provide the results of the checks to the Board. No criminal action may be taken against any minor who purchases marijuana as part of such a compliance check.
- b. Compliance Checks by the Board. Board staff may also conduct compliance checks. Prior to conducting any such check, the Board will contact the Tribal Police to provide reasonable notice of such compliance check. Except as provided in the Cooperation Section below, the Tribal Police may observe and participate in all compliance checks. The Board will share the results of such compliance checks with the Tribe.

3. Cooperation. Both Parties will cooperate in good faith to undertake all Board requested premises and compliance checks jointly. The Tribal Police will make reasonable efforts to arrange and conduct all Board requested premises and compliance checks within 24 hours of being provided notice of such request by the Board. All such notices shall be given, via email, to the Chief of Police, and if requested by the Tribe, the Chairman of the Tribe. The Tribe will provide the relevant email addresses to the board. If the relevant email addresses change, the Tribe will provide the new email addresses to the board. If the Tribal Police are unable or unwilling to arrange and conduct a requested premises or compliance check 48 hours after receiving the original notice, the Board may then perform the premises or compliance check on its own without the Tribal Police. The locations to be checked will not be notified in advance of the check 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 and compliance checks themselves or for marijuana sales by the Tribe or Tribal Enterprise that were checked.
4. Transportation Outside Indian Country. Transportation of marijuana products outside the boundaries of Indian Country shall be conducted in compliance with state law and Board rules.

XI. DISPUTE RESOLUTION

- A. Process Required. Neither Party, nor any officer or official acting on behalf of a Party, may petition any court to enforce this Compact unless the other Party fails to enter into the dispute resolution. Should a dispute arise between the Parties regarding compliance with this Compact by either Party, the Parties will attempt to resolve the dispute through the following dispute resolution process:
- B. Notice. Either Party may invoke the dispute resolution process by notifying the other, in writing, of its intent to do so. The notice must set out the issues in dispute and the notifying Party's position on each issue.
- C. Meet and Confer. The first stage of the process will include a face-to-face meeting between representatives of the two Parties to attempt to resolve the

dispute by negotiation. The meeting must be convened within 30 days after the receiving Party's receipt of the written notice described in the Notice Section above. The representatives of each Party will come to the meeting with authority to settle the dispute. If the dispute is resolved, the resolution will be memorialized in a writing signed by the Parties.

- D. Mediation. The second stage of the process will be that if the Parties are unable to resolve the dispute within 60 days after receipt of the initial written notice, the Parties will engage the services of a mediation team to assist them in attempting to negotiate the dispute. The team shall consist of three mediators, with each party selecting a mediator of their choosing and the final mediator to be selected by agreement of the other two mediators with this mediator acting as the lead mediator. Costs for the mediators 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 written notice described in Dispute Resolution, Notice Section above, whichever occurs first, either Party may terminate this Compact upon 30 days' written notice sent to the persons listed in the Communication and Notice, Designated Contacts Section.
- F. Defense of This Compact. In any action filed by a third party challenging either the 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 shall not be construed as a waiver of, the sovereign immunity of the Tribe 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 Tribe:

Chairman of the Sauk-Suiattle Indian
Tribe
5318 Chief Brown Ln
Darrington, WA 98241
360-436-2224

Vice Chairman of the Sauk-Suiattle Indian
Tribe
5318 Chief Brown Ln
Darrington, WA 98241
360-436-0131

- 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 Tribe:

Chairman of the Sauk-Suiattle Indian Tribe
5318 Chief Brown Ln
Darrington, WA 98241

With a copy to:

Office of Legal Counsel
5318 Chief Brown Ln
Darrington, WA 98241

XIII. EFFECT, DURATION, AND AMENDMENT

- A. Term. This Compact shall remain in effect for a term of ten years unless the Parties mutually agree in writing that the Compact should be vacated or terminated and superseded by a new compact between the Parties within that time frame, or unless the Compact is terminated pursuant to the Dispute Resolution, Procedure if the Dispute Remains Unresolved Section above or the Change in Classification section below. The Compact shall be automatically renewed for successive periods of ten years, unless a Party provides written notice to the other, no later than 120 days before the expiration of the then current ten-year period, that it wishes to modify the terms of the Compact, or notice that declines to renew the Compact.

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

- C. Severability. If any provision of this Compact or its application to any person or circumstance is held invalid, the remainder of the Compact shall not be affected.

- D. Change in Classification. If the classification of marijuana as a Schedule I drug is altered in any way or federal marijuana enforcement policy changes, the Parties agree to meet and discuss the need to modify this Compact. If such modifications cannot be agreed upon, then either Party may terminate this Compact upon 60 days written notice.

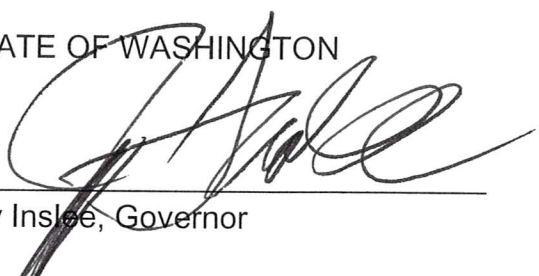
- E. Renegotiation. The Parties may renegotiate the nature and/or scope of this Compact upon the written notice and request by either Party if and when:
 - 1. Laws in the State governing marijuana are enacted allowing activities which are now prohibited, or prohibiting activities that are now allowed;
 - 2. The Tribe wishes to engage in forms of marijuana-related businesses other than those authorized in this Compact; or
 - 3. Federal laws or policies governing marijuana change.

- F. Most Favored Nation Provision In Another Compact. If, at any time after the effective date of this Compact, the State enters into an agreement, compact, or consent decree with any other federally recognized Indian tribe or governmental agency thereof, relating to the regulation of marijuana in Indian country which includes a “most favored nation” provision, then, upon the 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. Notwithstanding the foregoing, the parties agree that this “most favored nation” provision does not apply to Article IX, Section A of this Compact.

This Compact is hereby made this 5 day of August 2021.

STATE OF WASHINGTON

SAUK-SUIATTLE INDIAN TRIBE

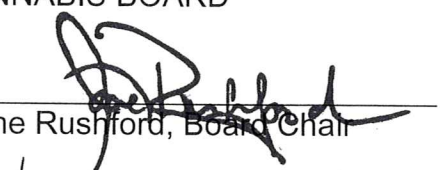


Jay Inslee, Governor



Norma A Joseph, Chair

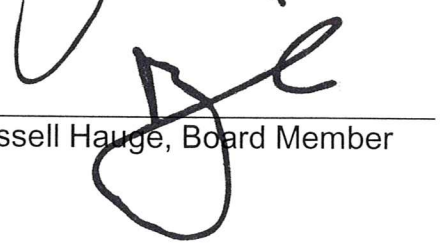
WASHINGTON STATE LIQUOR AND
CANNABIS BOARD



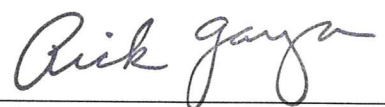
Jane Rushford, Board Chair



Ollie Garrett, Board Member



Russell Hauge, Board Member



Rick Garza, Agency Director

Sauk-Suiattle Cannabis Control Ordinance

Section 1. Definitions

- a. **Commercial Marijuana Activity.** Commercial Marijuana Activity means all planting, growing, producing, cultivating, processing, and selling marijuana, marijuana concentrates, marijuana-infused products, and useable marijuana within the jurisdiction of the Sauk-Suiattle Indian Tribe and in accordance with Sauk-Suiattle tribal law.
- b. **Designated Provider.** Designated Provider shall have the same meaning as in RCW 69.51A.010.
- c. **Essential Government Services.** 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.
- d. **Manager.** Manager means a person chosen or hired to manage, direct, or administer the everyday affairs of a business.
- e. **Marijuana.** Marijuana, including “marijuana concentrates,” “marijuana-infused products,” and “useable marijuana” shall have the same meanings as in RCW 69.59.101 or any amendments thereto. Together, such terms shall be known as “Marijuana Products.”
- f. **Medical Marijuana Authorization Database.** Medical Marijuana Authorization Database shall have the same meaning as in RCW 69.51A.010.
- g. **Qualifying Patient.** Qualifying patient shall have the same meaning as in RCW 69.51A.010.
- h. **Recognition Card.** Recognition card shall have the same meaning as in RCW 69.51A.010.
- i. **State.** State means the State of Washington.
- j. **State Licensed.** State licensed means any entity licensed by the Washington State Liquor and Cannabis Board under RCW 69.50 or WAC 314-55, as amended.
- k. **Tribal Council.** Tribal council means the Sauk-Suiattle Tribal Council.
- l. **Tribal Enterprise.** Tribal enterprise means any corporation or other business owned in whole or in part by the Tribe that is authorized to sell marijuana products under the laws of the Sauk-Suiattle Indian Tribe.
- m. **Tribal Member.** Tribal member means an enrolled member of the Sauk-Suiattle Indian Tribe.
- n. **Tribe.** Tribe means the Sauk-Suiattle Indian Tribe.

Section 2. Findings and Purpose.

- a. Historically, the production, possession, delivery, distribution and sale of Marijuana have been illegal across the United States and Indian Country. In 2012, the voters of Washington State passed Initiative 502 which sets forth a system allowing for the production, processing, and retail sale of Marijuana Products for recreational purposes within the State.
- b. With the legalization of marijuana across the State of Washington, the Tribe believes that a complete ban on marijuana within the Tribe’s jurisdiction is no longer feasible

nor is enforcing such a ban a productive use of the Tribe's resources. The Tribe's resources are better spent on regulating marijuana products within its jurisdiction.

- c. The Tribe also finds that, particularly considering the commercial activity occurring throughout the State and the potential tax resources of a new economic sector within the Tribe's jurisdiction, raising funds through the sale of marijuana in the Tribe's jurisdiction is a useful economic development opportunity.
- d. The Constitution of the Sauk-Suiattle Indian Tribe Article VII § 1(p) authorizes the Sauk-Suiattle Tribal Council to promulgate and enforce ordinances governing the conduct of all persons within the jurisdiction of the Sauk-Suiattle Indian Tribe.
- e. The Tribe therefore enacts this chapter in an effort to strictly regulate and control the production, distribution, sale, and use of marijuana on or within the territorial jurisdiction of the Sauk-Suiattle Indian Tribe and to protect the health, safety, and general welfare of the Sauk-Suiattle Indian Tribe and its visitors.

Section 3. Authorized Entities. The Sauk-Suiattle Indian Tribe and any tribal enterprise designated by the Tribe to engage in the marijuana business are the only persons or entities authorized to manufacture, process, package, deliver, distribute, or sell marijuana. Additionally, the Tribe and any tribal enterprise are the only persons or entities authorized to possess marijuana in quantities in excess of the quantities identified under Section 4 of this chapter. The Tribe and/or its Tribal Enterprises may sell marijuana products within the jurisdiction of the Sauk-Suiattle Indian Tribe pursuant to the laws of the Sauk-Suiattle Indian Tribe and any relevant compacts with the State of Washington. Tribal members and tribal member businesses are prohibited from conducting retail sales of marijuana products.

Section 4. Permitted Acts. The following acts, when performed by a tribal enterprise or by its employee in compliance with Tribal Law, shall not constitute criminal or civil offenses under Tribal Law:

- a. Purchase and receipt of useable marijuana, marijuana concentrates, or marijuana-infused products that have been properly packaged and labeled from a tribal enterprise or a state-licensed producer or processor;
- b. Possession of useable marijuana, marijuana concentrates, or marijuana-infused products;
- c. Delivery, distribution, and sale of any combination of the following amounts of useable marijuana, marijuana concentrates, or marijuana-infused product to any person twenty-one (21) years of age or older:
 1. One ounce of usable marijuana;
 2. Sixteen (16) ounces of marijuana-infused product in solid form;
 3. Seventy-two (72) ounces of marijuana-infused product in liquid form; or
 4. Seven (7) grams of marijuana concentrates.
- d. Delivery, distribution, and sale of any combination of the following amounts of useable marijuana, marijuana concentrates, or marijuana infused product to a qualifying patient or his or her designated provider, as those terms are defined under Chapter 69.51A.010, and the patient is recorded in that database established under Section 21 of Chapter 70, Laws of 2015, Washington State (2SSB 5052);
 1. Forty-eight (48) ounces of marijuana-infused product in solid form;

2. Three (3) ounces of useable marijuana;
 3. Two hundred sixteen (216) ounces of marijuana-infused product in liquid form; or
 4. Twenty-one (21) grams of marijuana concentrates.
- e. Producing, processing, packaging, and labeling marijuana, usable marijuana, and marijuana-infused products; and
 - f. Delivery, distribution, and sale of useable marijuana or marijuana-infused products to an enterprise of the Tribe or to state licensed producers, processors, or retailers.

Section 5. Tracking. Any tribal enterprise of the Sauk-Suiattle Indian Tribe shall employ reasonable and effective inventory methods that allow marijuana to be tracked from seed to sale. All tribal enterprises of the Sauk-Suiattle Indian Tribe will input all marijuana products purchased from State Licensees into the State's tracking system within 24 hours of delivery.

Section 6. Quality Assurance Tests. All enterprises of the Sauk-Suiattle Indian Tribe engaged in the production or processing of marijuana shall employ third party laboratories to conduct quality assurance tests consistent with those specified under WAC 314-55-102.

Section 7. Security Procedures. All enterprises of the Sauk-Suiattle Indian Tribe shall employ reasonable and effective security procedures and systems that safeguard marijuana from theft and diversion, including marijuana intended for destruction as waste.

Section 8. Prohibited Sales — Location. Marijuana products may not be sold or advertised within, on, or within one thousand (1,000) feet of, the real property comprising a public or private elementary, vocational, or secondary school, or a playground or within one hundred (100) feet of a public or private youth center, public recreation center or facility, public park, public transit center, public swimming pool, library, or video arcade facility which does not restrict admission to persons aged twenty-one years or older.

Section 9. Advertising Restrictions. Usable marijuana, marijuana concentrates, or marijuana-infused products sold within the jurisdiction of the Sauk-Suiattle Indian Tribe may not contain any statement, or illustration that:

- a. Is false or misleading;
- b. Promotes consumption;
- c. Represents the use of marijuana as having curative or therapeutic effects;
- d. Depicts a child or other person under legal age consuming marijuana or includes:
 1. Objects, such as toys, characters, or cartoon characters suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana; or
 2. Is designed in any manner that would be especially appealing to children or other persons under twenty-one (21) years of age.

Section 10. Warnings Included in Advertising. All advertising for useable marijuana, marijuana concentrates, or marijuana-infused products sold within the jurisdiction of the Sauk-Suiattle Indian Tribe must contain the following the warnings.

- a. “This product has intoxicating effects and may be habit forming”;
- b. “Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug”;
- c. “There may be health risks associated with consumption of this product”;
- d. “For use only by adults twenty-one and older. Keep out of reach of children.”

All advertising outside of the Tribe’s jurisdiction must comply with RCW 69.50 and WAC 314-55.

Section 11. Warnings Included with Marijuana Products

- a. Marijuana products sold at retail must include accompanying material that contains the following warnings that state:
 1. “There may be health risks associated with consumption of this product”;
 2. “Should not be used by women who are pregnant or breast feeding”;
 3. “For use only by adults twenty-one and older. Keep out of reach of children”;
 4. “Marijuana and products containing marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug”; and
 5. Statement that discloses all pesticides applied to the marijuana plants and growing medium during production and processing.
- b. In addition to the above warnings in subsection (a), usable marijuana sold at retail must also include accompanying material that contains the following warning that states:
 1. “Warning: this product has intoxicating effects and may be habit forming. Smoking is hazardous to your health.”
- c. In addition to the above warnings in subsection (a), marijuana concentrates and marijuana-infused products sold at retail must also include accompanying material that contains the following warnings that state:
 1. “This product is infused with marijuana or active compounds of marijuana”;
 2. “Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by two or more hours”; and
 3. Statement that discloses the type of extraction method, including any solvents, gases or other chemicals or compounds used to produce or that are added to the extract.

Section 12. Labels affixed to Marijuana Products

- a. Labels affixed to the container or package containing Marijuana Products sold at retail must include:
 1. The business or trade name and Washington State Unified Business Identifier number of the licensees that produced, processed, and sold the useable

- marijuana, or, if grown or processed by an entity owned at least 51% by a federally recognized Indian Tribe operating within Indian Country, a statement to that effect;
2. Inventory ID number;
 3. Date manufactured or date of harvest;
 4. Warnings that state: "This product has intoxicating effects and may be habit forming"; and
 5. Statement that "This products may be unlawful in some jurisdictions" or a comparable statement.
- b. In addition to the above statements listed in subsection (a), labels affixed to the container or package containing usable marijuana sold at retail must include:
1. Concentration of THC, THCA, CBD, including a total of active cannabinoids (potency profile); and
 2. Net weight in ounces and grams or volume as appropriate.
- c. In addition to the above statements listed in subsection (a), labels affixed to the container or package containing marijuana-infused products sold at retail must include:
1. Best by date;
 2. For products meant to be eaten or swallowed, recommended serving size and the number of servings contained within the unit, including total milligrams of active THC or Delta 9;
 3. Net weight in ounces and grams, or volume as appropriate;
 4. List of all ingredients and any allergens;
 5. Warning statement that "Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by two or more hours"; and
 6. If a marijuana extract was added to the product, disclosure of the type of extraction process and any solvent, gas, or other chemical used in the extraction process, or any other compound added to the extract.
- d. In addition to the above statements listed in subsection (a), labels affixed to the container or package containing marijuana concentrates sold at retail must include:
1. Best by date;
 2. Net weight in ounces and grams, or volume as appropriate;
 3. If a marijuana extract was added to the product, disclosure of the type of extraction process and any solvent, gas, or other chemical used in the extraction process, or any other compound added to the extract;
 4. Concentration of THC (total Delta 9 and Delta 9 THC-A) and CBD.

Section 13. Additional Requirements of Authorized Entities.

- a. Minors. Authorized enterprises of the Sauk-Suiattle Indian Tribe that engage in commercial marijuana activity shall not employ any persons under age 21 years of age. Additionally, no enterprise shall allow any person under 21 years of age to enter a tribal facility that is engaged in commercial marijuana activity.
- b. Producing. Production facilities may be located indoors or outdoors, provided that they are fully secure, have physical barriers, and meet Tribal and State safety and security protocols.

- c. Food Handlers' Permit. All tribal employees who work in the manufacturing, production, packaging, processing, delivery, sale, and distribution of marijuana must obtain a food handler's permit or certificate from Washington State or Indian Health Services.
- d. Packaging. All marijuana-infused products meant to be eaten, swallowed, or inhaled must be packaged in child-proof packaging.
- e. Records. Enterprises of the Sauk-Suiattle Indian Tribe that engage in commercial marijuana activity shall develop policies and procedures governing records to be maintained, security requirements, maximum quantities on premises, transport and delivery, and other matters related to the marijuana business.

Section 14. Retail Sales.

- a. Identification. Acceptable identification for proof of age includes: Driver's license, ID card, "Identicard," or Instruction Permit issued by any U.S. state or Canadian province; Washington temporary driver's license, Tribal enrollment card; passport from any nation, U.S. Military ID, or a Merchant Marine card issued by U.S. Coast Guard.
- b. Compliance Checks. The Tribe may conduct its own compliance checks within the jurisdiction of the Tribe using minors ages 18, 19, or 20 through the Sauk-Suiattle Tribal Police Department or other authorized agency in accordance with Tribal regulations and policies. No criminal action may be taken against any minor who purchases marijuana as part of such a compliance check.

Section 15. Manager Background Investigations. Sauk-Suiattle Tribal enterprises that engage in commercial marijuana activity shall require any person employed as a manager by such an enterprise to undergo a background investigation before he or she begins employment. The board of directors, or other managing body of the enterprise, will be responsible for ensuring that a background investigation on the manager's suitability is done. No such manager may have been convicted of, or entered a plea of guilty or no contest to, any of the following criminal offenses:

- a. Any felony in the preceding ten (10) years; and
- b. Any crime involving dishonesty within the preceding ten (10) years, including, but not limited to: 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 a crime, or being an accessory, and/or involved in a conspiracy of a crime.

Section 16 Indemnity. The Tribe shall indemnify any Tribal Council member, board member, manager, employee of the Tribe, or employee of a tribal enterprise, who is made party to a proceeding because of their role in Commercial Marijuana Activity against personal liability incurred in a proceeding if:

- a. The individual acted in her or her official capacity;
- b. The individual acted in good faith;
- c. The individual believed his or her conduct was in the best interests of the Tribe; and

- d. The individual acted in accordance with the laws, regulations, and policies of the Tribe and/or an enterprise of the Tribe.

Should the Tribal Council member, board member, manager, employee of the Tribe, or employee of a tribal enterprise made part of a proceeding qualify for the sovereign immunity of the Sauk-Suiattle Indian Tribe, nothing in this section shall be construed as a waiver said immunity.

Section 17. Tribal Marijuana Tax

- a. There shall be a Tribal marijuana tax levied on all commercial marijuana activity. The Tribal marijuana tax shall be an excise tax of fifty seven percent (57%) paid by the consumer at the time of purchase.
- b. The Tribal marijuana tax shall be remitted to the Tribe on a quarterly basis.
- c. The Tribe will use the proceeds of such tax for essential government services.
- d. No other tax besides the Tribal Marijuana tax may be imposed on commercial marijuana activity.
- e. The Tribe may allow an exemption from the Tribal marijuana tax for sales to the Tribe, to an enterprise of the Tribe, or to Tribal members where the sale occurs within the jurisdiction of the Tribe in the following circumstances:
 1. For sales on marijuana grown, produced, or processed within Tribal Lands;
 2. For activities that would otherwise be exempt under state or federal law; and
 3. For medical marijuana products used in the course of medical treatments by a clinic, hospital, or similar facility owned and operated by the Tribe within the Tribe's jurisdiction.
- f. The exemptions found above in subsection (e) are permissive and may be revoked by an action of the Tribal Council provided that such revocation not take effect until the beginning of the quarter immediately following the revocation.

Section 18. Relationship to Sauk-Suiattle Indian Tribe Law and Order Code. This Act is intended to be read in conjunction with the Sauk-Suiattle Indian Tribe Law and Order Code. This Act is to be narrowly construed in all instances to limit otherwise prohibited activities.

Section 19. Penalties. For violation of any section of this ordinance

- a. The first violation shall be a civil fine of five thousand (\$5,000) dollars.
- b. The second violation in a three year period shall be a civil fine of twenty thousand (\$20,000) dollars.
- c. The third violation in a three year period shall be cancellation of the license and a lifetime ban on reissuance of a license to any member of the board of the tribal enterprise or to the manager of the authorized entity.

The civil fine may be appealed to the Sauk-Suiattle Tribal Court. Such fine may be reduced on a showing of mitigating factors or other good cause provided that the penalties outlined in subsection (c) above may not altered absent clear and convincing evidence that the violation did not occur in-fact.

Section 20. Sovereign Immunity. Nothing in this code is intended or shall be construed as a waiver of the sovereign immunity of the Sauk-Suiattle Indian Tribe. No authorized entity, nor any of its employees, shall be authorized, nor shall they attempt, to waive the sovereign immunity of the Sauk-Suiattle Indian Tribe pursuant to this Code.

Section 21. Severability. If any provision or provisions in this code are held invalid by a court of competent jurisdiction, this Code shall continue in effect as if the invalid provision(s) were not a part hereof.

Section 22. References to Washington State Laws and Regulations. References in this Title to Washington Statute (RCW) and Washington Regulation (WAC) include the cited titles, chapters, and sections as in effect on the effective date of this Title, together with any amendments or renumbering made thereto after the effective date of this Title. All such references are made in the spirit of cooperation and to help ensure a consistent regulatory framework between the Tribe and State. Inclusion and references to RCW and WAC provisions are not intended to diminish the sovereign authority of the Sauk-Suiattle Indian Tribe nor to concede regulatory authority of the Tribe's jurisdiction to the State.

Section 23. Effective Date. This Code shall be effective following approval by the Tribal Council and approval of a compact with the State of Washington.