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Native American Marijuana Hits Nevada, And It's Tax Free

A tribal Cannabis consulting firm in Nevada has helped arrange key compacts with Native American tribes. [Tribal Cannabis Consulting](#) (TCC) is a national consulting firm specializing in Native American cannabis policy. It successfully established the first cannabis compacts between the Nevada Governor's Office and the Ely Shoshone and Yerington Paiute tribes. The compacts were recently signed by Nevada's Governor, authorized under [Senate Bill 375](#). Tribal Cannabis Consulting is led by Cassandra Dittus, co-founder and president, in partnership with Joseph Dice, co-owner. In Nevada and elsewhere, [Native American tribes are sparking Marijuana businesses](#).



During the 2017 Nevada legislative session, Dittus lobbied with senators, assemblymen, and tribal leaders to pass [Senate Bill 375](#), despite multiple opposition groups. The law opened the gateway between tribes and Nevada to work together with TCC to compose the historic tribal cannabis compacts. Tribal Cannabis Consulting offers a full spectrum of industry needs in Native American communities. The firm helps

tribes to set up their own regulatory systems, and to expand their economic presence in the national cannabis market.

From writing regulatory codes to training tribes on how to issue medical cards, TCC assists with the creation of all government components in conjunction with traditional dispensary and cultivation operational services. Dittus spent nine years battling cancer, before a bone marrow transplant saved her life. Since then, she has helped build seed-to-sale tracking systems, run commercial dispensary and cultivation facilities, infusion centers, and licensed more than 45 legal cannabis operations.

With medical marijuana legal in most states and recreational marijuana legal in a growing number, there is still much talk about taxing the profits. Some still fear that the industry will be taxed to death, and that with the continuing federal tax problems of section 280E of the tax code, the industry faces a tax double whammy. That's one reason Native Americans might have a clever work-around. In 1987's *California v. Cabazon Band of Mission Indians*, the Supreme Court ruled that in states permitting gaming, tribes can conduct gaming on Native American lands unhindered by state regulation. A year later, Congress enacted the Indian Gaming Regulatory Act of 1988, creating a regulatory framework for gaming on Indian lands.

Today, Native American tribes are expanding beyond casinos into marijuana. As governments try to exact on taxes to cash in, the idea of a tax-free ticket to the industry is not lost on Native Americans. Some tribes are considering changes to tribal laws as well as looking at commercial opportunities. Native American tribes and their wholly owned tribal corporations are not subject to federal income taxes on their earnings. Some types of tax-exempt organizations are taxed on some types of income. Yet tribes are exempt from federal income taxes even when conducting commercial activities. They can form corporations to conduct business and their income remains exempt. Native Americans are U.S. citizens, and unlike their tribes, individuals *are* subject to federal income taxes. Even exempt tribal income can be taxed when distributed to individual members of the tribe. As governments try to exact on taxes to cash in on marijuana, the idea of a tax-free ticket to the industry is not lost on Native Americans.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.