

Native American Tribes Shape Minnesota's Cannabis Market

Native American Cannabis Businesses Fill Supply Gap as Minnesota Prepares for Regulated Adult-Use Market

As Minnesota gears up for the launch of its regulated adult-use cannabis market in 2025, Native American tribes in the state are taking the lead in filling the supply gap, capitalizing on the delay in state-licensed cannabis businesses. Several tribal nations have already launched cannabis ventures, benefiting from their status as sovereign nations and leveraging early demand in what is expected to become a lucrative industry.

Tribal Nations Capitalize on First-to-Market Advantage

With the passage of **adult-use marijuana legislation** on May 30, 2023, Minnesota became the 23rd state to legalize recreational cannabis. Shortly after, tribal nations began making significant strides in the market. The **Red Lake Nation** was the first to open a recreational cannabis store, **NativeCare**, followed by **White Earth Nation**, which launched its own retail store, **Waabigwan Mashkiki**, near the Shooting Star Casino in Mahanomen.

In June 2024, two additional tribes joined the market: the **Leech Lake Band of Ojibwe** opened **Sweetest Grass** near Northern Lights Casino, and the **Prairie Island Indian Community** opened **Island Peži** near the Minnesota-Wisconsin border. These early moves give Minnesota's Native American tribes a critical first-to-market advantage, positioning them for success ahead of state-licensed businesses, which are not expected to open until 2025.

Meeting the Growing Demand for Cannabis

The demand for legal cannabis in Minnesota is projected to be significant, with estimates suggesting the market could reach **\$1.76 billion** by 2029. In the absence of state-licensed cannabis businesses, Native American tribes are playing a vital role in meeting this demand. As of now, four tribally owned cannabis stores are operating across Minnesota, and five more have been announced, further solidifying the tribes' foothold in the market.

Tribal cannabis businesses are helping to provide safe and legal products to consumers, while the state works to regulate the industry and crack down on illegal sales. These developments highlight the importance of the tribes' contributions to the state's cannabis supply and underscore the demand for well-regulated, high-quality cannabis products.

State-Tribal Relations: A Model of Cooperation

Minnesota has taken proactive steps to ensure its marijuana laws respect tribal sovereignty, fostering a cooperative relationship with the state's 11 federally recognized tribes. The state has enabled the governor to

negotiate compacts with tribal governments, creating frameworks for collaboration between state-licensed businesses and tribal operations. These compacts cover issues such as regulations and taxation, allowing tribal and state cannabis markets to coexist smoothly.

One key point of negotiation is whether tribes will be able to operate cannabis businesses off-reservation, a move that could further expand tribal influence in the state's cannabis industry. **White Earth Nation** has already laid the groundwork for an off-reservation retail store near the North Dakota border, pending final agreements with the state.

A Comparison to California's Struggles with Tribal Cannabis

Minnesota's cooperative approach to tribal cannabis is in stark contrast to other states like **California**, where tribal participation in the cannabis market has been limited. In California, tribes are asked to waive part of their **sovereign immunity** to participate in the state's regulated market, a demand that has led to friction and limited tribal involvement. Despite being the largest cannabis market in the world, California has only eight tribally owned dispensaries.

In comparison, Minnesota could surpass California in the number of tribally owned cannabis stores by next year, a notable feat considering Minnesota's smaller population and newer cannabis industry. This development showcases the positive impact of the state's supportive policies towards tribal cannabis businesses.

Washington's Tribal Cannabis Success: A Model for Minnesota

Washington state, which legalized recreational marijuana in 2012, offers a successful model of cooperation between state and tribal governments. Under compacts, Washington's tribes have agreed to regulations and taxes similar to those imposed on state-licensed businesses, and in return, they are allowed to buy from and sell to state cannabis businesses.

Currently, 18 tribes operate 24 tribally owned cannabis stores in Washington, a number Minnesota may look to emulate as its own cannabis market matures. With tribal cannabis operations in Minnesota already off to a strong start, the state could eventually follow Washington's path and see robust growth in tribally owned cannabis businesses.

The Future of Minnesota's Tribal Cannabis Businesses

Minnesota's tribal nations are well-positioned to play a long-term role in the state's cannabis industry. Tribal-owned businesses have already gained significant traction, and with the state's first licensed cannabis businesses not expected to open until 2025, tribes will continue to benefit from their head start.

The **Mille Lacs Band of Ojibwe** is one example of a tribe investing heavily in cannabis infrastructure. The tribe is building a **50,000-square-foot cannabis cultivation facility**, significantly larger than any state-licensed grow operations, which are limited to 30,000 square feet. This investment highlights the tribes' commitment to becoming key players in the cannabis supply chain, even after state-licensed businesses enter the market.

As state-licensed businesses begin to open, there will likely be increased competition between tribal and non-tribal retailers. However, tribes are expected to maintain a significant role in the market, thanks to their early entry and strong infrastructure investments.

Tribal Influence on Minnesota's Cannabis Industry

Native American tribes in Minnesota have emerged as essential players in the state's burgeoning cannabis industry. With recreational cannabis now legal but state-licensed businesses still in the early stages of development, tribes have taken the lead in meeting the growing demand for legal marijuana. Their first-to-market advantage, coupled with cooperative relations with the state, positions them for long-term success.

As Minnesota's cannabis market continues to develop, tribal nations are poised to play a crucial role, both in supplying products and in shaping the future of the state's cannabis industry. The early data, investments, and market trends all point to continued growth for tribal cannabis businesses, which will benefit both the tribes and the broader Minnesota market.

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