

Data Reveals Increase in Native American Tribal Cannabis Business Owners

25% Increase in Tribally Owned Cannabis Retailers

Since January 2023, we've witnessed a 25% increase in tribally owned retailers throughout the country, with budding markets like Minnesota potentially offering more opportunities for tribes looking to get a leg-up as lawmakers work to launch the statewide industry. As more states continue to legalize adult-use cannabis, we're witnessing a growing trend surrounding ownership of cannabis businesses — namely that Native American tribes are investing in cannabis, with tribal-owned stores becoming increasingly more common in recent years.

Expansion of Tribally Owned Dispensaries

According to a recent data, the number of tribally owned retailers has grown by roughly 25% since January 2023. As of May 2024, there are 57 tribally owned dispensaries, both medical and adult-use, throughout nine states. With legal adult-use cannabis becoming more commonplace throughout the country, tribes are entering the industry to diversify their economies and boost revenue.

Legal cannabis also carries unique benefits for tribes as a way to assert their sovereignty and seize the first-to-market advantage in newly legal states. Guest columnist Matthew Klas, a senior associate with Minneapolis-based national consulting firm KlasRobinson Q.E.D., explains that this is especially beneficial for economic development on tribal lands.

A Closer Look at Tribal-Owned Cannabusinesses

There are 574 Native American tribes recognized by the U.S. government, with roughly 350 falling in the lower 48 states. Sovereign nations may have their own laws that differ from state laws, sometimes more restrictive — like cannabis sales and use bans even within states that have enacted recreational reform — or sometimes offering more leniency than state law. While many of the stores are on tribal lands, not all are.

Tribes are currently operating businesses in nine states: California, Michigan, Minnesota, Nevada, New Mexico, New York, North Carolina, South Dakota, and Washington. The data found that the average size of tribal cannabis stores is about 4,300 square feet, ranging from stores with less than 1,000 square feet to complexes spanning more than 10,000.

Washington state has the most tribal retailers and the most tribes operating shops, at 23 stores operated by 18 tribes. Nevada is second, with 10 tribal stores owned by eight different tribes. Most of these tribally owned shops are located within markets with legal recreational cannabis, though there are exceptions. For example, there are two tribally owned dispensaries in South Dakota and one in North Carolina that currently offer medical cannabis exclusively. The data does not include businesses owned by individual tribal members rather than a tribal government.

Newly Approved Markets, New Opportunities

We can look at Minnesota to see how tribal business owners are able to get a jumpstart on a budding industry, as lawmakers in the state legalized adult-use cannabis last year but have yet to begin licensing retail establishments. It's unlikely that the marketplace will open until at least 2025, leaving a gap between legalization and the opening of the regulated market. However, tribal-owned dispensaries are helping to bridge that gap as two dispensaries owned by the Red Lake Nation and White Earth Nation are currently serving adult-use customers with plans to open additional facilities in the future.

According to Minnesota's recreational cannabis law, the governor can negotiate compacts with state tribes if they seek to take advantage of cannabis sales, but it also "acknowledges the sovereign right of Minnesota Tribal governments" to regulate their cannabis industries even without a compact. Red Lake and other tribes can also operate dispensaries outside of reservations through compacts negotiated with the governor's administration.

"We see this as a resource not only to reduce harm, but to also bring in resources to help our people recover," said Red Lake Nation Tribal Secretary Sam Strong. The Mille Lacs Band of Ojibwe is also constructing a 50,000-square-foot cannabis cultivation facility near Minneapolis, which is larger than any state-licensed grow operation, that will focus on seed-to-sale operations and could be a crucial part of the state's recreational industry upon full launch.

Similarly, New York has witnessed numerous delays in the launch of its recreational cannabis market, but three tribally owned stores have opened in the state since 2023. With Minnesota's specific laws designed to leave room for tribal sovereignty, Klas says that the Minnesota market will be "particularly interesting" to watch in the future, adding that, "Minnesota could see some of the fastest growth of tribal cannabis businesses in the United States."

The growing number of Native American tribal cannabis business owners highlights the increasing involvement of tribes in the cannabis industry, driven by opportunities for economic diversification and the assertion of sovereignty. As more states legalize cannabis, the trend of tribal-owned cannabis businesses is likely to continue, offering new prospects for growth and development in Native American communities.

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