

A FIRST NATIONS FMA CANNABIS FISCAL AND REGULATORY PROPOSAL



First Nations Tax Commission
Commission de la fiscalité des premières nations

First Nation governments were left out of the federal-provincial cannabis tax and regulatory framework, which was concluded in December 2017. First Nations were also left out of the public distribution system that is being used to support online sales and, eventually, a broader market for edible, concentrate and other cannabis derived product sales. This was done despite federal commitments to First Nations for reconciliation, a new fiscal relationship, nation-to-nation frameworks and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

However, since March 2017, the First Nations Tax Commission (FNTC) has been working with proponent First Nations to advance a First Nation led cannabis jurisdiction option using the *First Nations Fiscal Management Act* (FMA).

A presentation about this FMA cannabis option was made to the Standing Senate Committee on Aboriginal Peoples in February 2018 by the FNTC Chief Commissioner, with a series of specific amendments provided to the Senate Committee in March 2018. The proposal was also presented at the “First Nations Leading the Way” National Meeting in May 2018. In each case, the proposal for First Nations cannabis fiscal and regulatory jurisdiction received strong support.

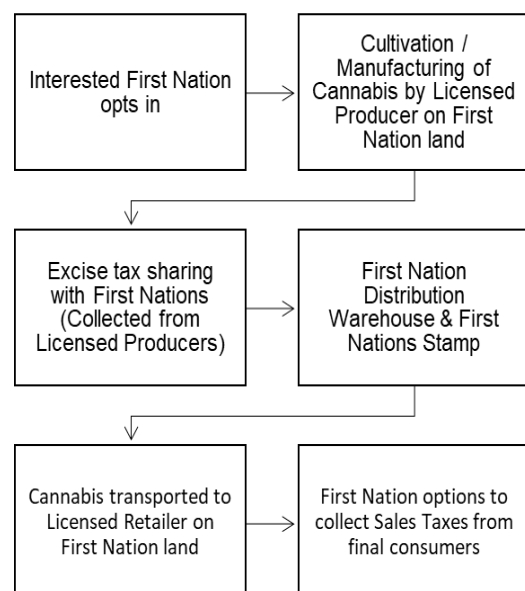
In June 2018, in a letter to the Senate Committee on Aboriginal Peoples, the Ministers of Indigenous Services and Health Canada committed to work with interested First Nations and the FNTC to develop a First Nation cannabis excise tax sharing, tax and regulatory option within one year. Proponent First Nations and the FNTC would like to take advantage of this commitment and make a comprehensive First Nation cannabis jurisdiction option available to interested communities soon.

PROPOSAL OVERVIEW

In September 2018, the FNTC and some proponent First Nations developed a comprehensive proposal to establish an FMA cannabis fiscal and regulatory framework option for interested First Nations. There are six distinct elements to the proposed FMA First Nation cannabis fiscal and regulatory option:

- Voluntary Participation by Interested First Nations
- First Nation Jurisdiction Framework for Cannabis Regulation and Licensing
- FMA Cannabis Fiscal Jurisdiction Framework (excise and other tax options) First Nations Cannabis Distribution Warehouses
- First Nations Stamp on First Nation Cannabis
- First Nation Institutional Support to Implement System

The figure shows a simplified version of the First Nation cannabis supply chain under this proposal.



THE BENEFITS OF THE FMA CANNABIS TAX AND REGULATORY OPTION

The application of the FMA framework to First Nations cannabis tax and regulation is an efficient, effective option to achieve health, economic and fiscal interests for interested First Nations for the following reasons:

- 1. RESPECTS FIRST NATIONS RIGHT OF SELF DETERMINATION (UNDRIP)**
Participation in this option is voluntary for interested First Nations.
- 2. FMA PRECEDENT OF SUCCESS (ALMOST 300 FIRST NATIONS)**
This option would utilize the successful FMA precedent.
- 3. FIRST NATION JURISDICTION IMPLEMENTED EFFICIENTLY AND LEGISLATIVELY PROTECTED**
The FMA option is the quickest way to implement comprehensive cannabis jurisdiction for interested First Nations.
- 4. REDUCED IMPLEMENTATION TIME AND COST**
This option will be supported by First Nation led institutions with sample laws, implementation support and training for participating First Nations.
- 5. MANY FIRST NATIONS COULD BENEFIT REGARDLESS OF LOCATION**
All First Nations participating in this option could share in cannabis revenues.
- 6. OPENS FIRST NATION ENTREPRENEURS' ACCESS TO EXPANDED AND FUTURE CANNABIS MARKETS**
This option means First Nation entrepreneurs won't lose future cannabis market share. Without it, First Nation entrepreneurs could have limited access to the online direct-to-consumer market and future edible, concentrate and other cannabis-derived product markets.
- 7. IMPROVES FIRST NATION FISCAL RELATIONSHIP**
This option will increase First Nation revenues to support improvements to community services and infrastructure.
- 8. SUPPORTS FIRST NATION HEALTH OBJECTIVES**
This option should help reduce youth consumption and the potential for unsafe production activities. It should also help improve product handling and product quality.



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