



## 2022 South Dakota Legislature

# House Bill 1098

HOUSE ENGROSSED

Introduced by: **Representative Milstead**

1 **An Act to revise requirements for involvement in the medical cannabis program.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 34-20G-55 be AMENDED:**

4 **34-20G-55.** Not later than ninety days after receiving an application for a medical  
 5 cannabis establishment, the department shall register the prospective medical cannabis  
 6 establishment and issue a registration certificate and a random ten-digit alphanumeric  
 7 identification number if ~~all of the~~ following conditions are satisfied:

- 8 (1) The prospective medical cannabis establishment has submitted all of the following:
- 9 (a) The application fee;
- 10 (b) An application, including:
- 11 (i) The legal name of the prospective medical cannabis establishment;
- 12 (ii) The physical address of the prospective medical cannabis  
 13 establishment that is not within one thousand feet of a public or  
 14 private school existing before the date of the medical cannabis  
 15 establishment application;
- 16 (iii) The name and date of birth of each principal officer and board  
 17 member of the proposed medical cannabis establishment; and
- 18 (iv) Any additional information requested by the department;
- 19 (c) Operating procedures consistent with rules for oversight of the proposed  
 20 medical cannabis establishment, including procedures to ensure accurate  
 21 record keeping and adequate security measures;
- 22 (d) If the city or county where the proposed medical cannabis establishment  
 23 would be located has enacted zoning restrictions, a sworn statement  
 24 certifying that the proposed medical cannabis establishment does not  
 25 violate the restrictions;

- 1 (e) If the city or county where the proposed medical cannabis establishment  
 2 requires a local registration, license, or permit, a copy of the registration,  
 3 license, or permit;
- 4 (2) None of the principal officers or board members has served as a principal officer or  
 5 board member for a medical cannabis establishment that has had its registration  
 6 certificate revoked;
- 7 (3) ~~None of the principal officers or board members is under twenty-one years of age~~  
 8 The principal officers or board members meet the requirements of section 2 of this  
 9 Act; and
- 10 (4) At least one principal officer is a resident of this state; and
- 11 (5) The consent required pursuant to section 4 of this Act has been provided.

12 **Section 2. That chapter 34-20G be amended with a NEW SECTION:**

- 13 No individual may be licensed by the department to undertake an activity related  
 14 to medical cannabis or be a principal, officer, partner, board member, employee, or owner  
 15 of a medical cannabis establishment who:
- 16 (1) Has been convicted of a felony in this or any other jurisdiction, unless at least ten  
 17 years have passed since satisfactory completion of the sentence or probation  
 18 imposed by the court in each felony conviction;
- 19 (2) Has been found to have violated the provisions of this chapter or any rule adopted  
 20 pursuant to this chapter that resulted in a revocation of any right under this  
 21 chapter;
- 22 (3) Has been found to have a background, including a criminal record, reputation,  
 23 habits, social or business associations, or prior activities that pose a threat to the  
 24 public interests of the state or to the security and integrity of the medical cannabis  
 25 program; create or enhance the dangers of unsuitable, unfair, or illegal practices,  
 26 methods, and activities in the conduct of medical cannabis; or present questionable  
 27 business practices and financial arrangements incidental to the conduct of medical  
 28 cannabis;
- 29 (4) Is related by blood or marriage and who is a member of the same household in the  
 30 principal place of abode of an employee of the department whose duties relate to  
 31 the regulation of medical cannabis;
- 32 (5) Has knowingly made a false statement of material fact to the department; or
- 33 (6) Is less than twenty-one years old.

1 **Section 3. That chapter 34-20G be amended with a NEW SECTION:**

2 Each applicant, licensee, principal, officer, partner, board member, employee, or  
3 owner of a medical cannabis establishment, or employee of the department whose duties  
4 relate to the regulation of medical cannabis shall submit to a state and federal criminal  
5 background investigation by means of fingerprint checks by the Division of Criminal  
6 Investigation and the Federal Bureau of Investigation. The department shall submit  
7 completed fingerprint cards to the division. Upon completion of the criminal background  
8 investigation, the division shall forward to the department all information obtained from  
9 the criminal background investigation.

10 The department may pay any fee charged for the cost of fingerprinting or the  
11 criminal background investigation for any person whose employment is subject to the  
12 requirements of this section. Each applicant, licensee, principal, officer, partner, board  
13 member, employee, or owner of a medical cannabis establishment is responsible for any  
14 fee charged for the cost of fingerprinting or the criminal background investigation.

15 **Section 4. That chapter 34-20G be amended with a NEW SECTION:**

16 Each medical cannabis establishment must consent in writing to examination by  
17 the Department of Revenue of all financial accounts and records of the establishment and  
18 must authorize all third parties in possession or in control of the accounts or records to  
19 allow examination as determined necessary by the Department of Revenue.

20 **Section 5. That § 34-20G-61 be REPEALED:**

21 ~~Each medical cannabis establishment shall conduct a background check into the~~  
22 ~~criminal history of each person seeking to become a principal officer, board member,~~  
23 ~~agent, volunteer, or employee before the person begins working at the medical cannabis~~  
24 ~~establishment.~~

25 **Section 6. That § 34-20G-62 be REPEALED:**

26 ~~A medical cannabis establishment may not employ any person who:~~  
27 ~~(1) Was convicted of a disqualifying felony offense; or~~  
28 ~~(2) Is under twenty one years of age.~~