



2024 South Dakota Legislature
Senate Bill 11
ENROLLED

AN ACT

ENTITLED An Act to prohibit a practitioner from referring a patient to a medical cannabis clinic with which the practitioner or an immediate family member has a financial relationship and to provide a penalty therefor.

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

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

If a practitioner or an immediate family member of the practitioner has a financial relationship with a medical cannabis clinic, the practitioner may not knowingly refer a patient to that clinic for the purpose of receiving a written certification under this chapter.

For purposes of this section, a "financial relationship" means an ownership or investment interest in the medical cannabis clinic, or a compensation arrangement between the practitioner or the practitioner's immediate family member and the clinic.

An ownership or investment interest may be through equity, debt, or other means and includes an interest in an entity that holds an ownership or investment interest in the medical cannabis clinic.

The prohibition of this section does not apply:

- (1) If the services offered at the medical cannabis clinic are being provided by another practitioner in the same group practice as the referring practitioner;
- (2) To a compensation arrangement, between the practitioner or the practitioner's immediate family member and the medical cannabis clinic, consisting of payments under the terms of a written lease that:
 - (a) Is signed by all the parties;
 - (b) Specifies the premises covered by the lease, provided the premises do not exceed the space that is reasonable and necessary for the legitimate business purposes of the lease and further provided that the premises, aside from common areas, are used exclusively by the lessee;
 - (c) Has a duration of at least twelve months; and

- (d) Specifies the rental charges over the term of the lease, provided the charges are consistent with fair market value, and are not determined in a manner that takes into account the volume or value of any referrals or other business generated between the parties;
- (3) To a bona fide employment relationship under which an immediate family member of the practitioner is employed by the clinic for identifiable services, and receives remuneration for those services in an amount that:
 - (a) Is consistent with the fair market value of the services; and
 - (b) Is not determined in a manner that takes into account, directly or indirectly, the volume or value of any referrals by the referring practitioner; and
- (4) To an isolated transaction, such as a one-time sale of property.

Any practitioner who knowingly refers a patient to a medical cannabis clinic, with which the practitioner or an immediate family member of the practitioner has a financial relationship, is guilty of a Class 2 misdemeanor.

An Act to prohibit a practitioner from referring a patient to a medical cannabis clinic with which the practitioner or an immediate family member has a financial relationship and to provide a penalty therefor.

I certify that the attached Act originated in the:

Senate as Bill No. 11

Secretary of the Senate

President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 11
File No. _____
Chapter No. _____

Received at this Executive Office
this _____ day of _____,
2024 at _____ M.

By _____
for the Governor

The attached Act is hereby
approved this _____ day of
_____, A.D., 2024

Governor

STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

Filed _____, 2024
at _____ o'clock ___ M.

Secretary of State

By _____
Asst. Secretary of State