



2022 South Dakota Legislature

House Bill 1098

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 affiliated with a medical cannabis establishment who:

- 15 ~~(1) Has been convicted of a felony in this or any other jurisdiction, unless at least ten~~
16 ~~years have passed since satisfactory completion of the sentence or probation~~
17 ~~imposed by the court in each felony conviction;~~
- 18 ~~(2) Has been found to have violated the provisions of this chapter or any rule adopted~~
19 ~~pursuant to this chapter that resulted in a revocation of any right under this~~
20 ~~chapter;~~
- 21 ~~(3) Has been found to have a background, including a criminal record, reputation,~~
22 ~~habits, social or business associations, or prior activities that pose a threat to the~~
23 ~~public interests of the state or to the security and integrity of the medical cannabis~~
24 ~~program; create or enhance the dangers of unsuitable, unfair, or illegal practices,~~
25 ~~methods, and activities in the conduct of medical cannabis; or present questionable~~
26 ~~business practices and financial arrangements incidental to the conduct of medical~~
27 ~~cannabis;~~
- 28 ~~(4) Is related by blood or marriage and who is a member of the same household in the~~
29 ~~principal place of abode of an employee of the department whose duties relate to~~
30 ~~the regulation of medical cannabis;~~
- 31 ~~(5) Has knowingly made a false statement of material fact to the department; or~~
- 32 ~~(6) Is less than twenty-one years old.~~

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

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

9 The department may pay any fee charged for the cost of fingerprinting or the
10 criminal background investigation for any person whose employment is subject to the
11 requirements of this section. Each applicant, licensee, or person affiliated with a medical
12 cannabis establishment is responsible for any fee charged for the cost of fingerprinting or
13 the criminal background investigation.

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

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

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

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

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

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

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