



Fitting the Pieces Together: Local Government and Cannabis Business

November 16, 2021





Agenda

1. Introductions
2. Local Control (Melissa Mentele, Author of IM26)
3. Local Perspective and License Types (Ned Horsted, Executive Director of CIASD)
4. Public Health, Safety, and Security (Matthew Jorgenson, CEO of Cannabis Chem Lab)
5. Adult Use (Kittrick Jeffries, Director of Compliance, Dakota Cannabis Consulting)
6. Application Process (Liz Tiger, Consultant, 605 Cannabis)
7. Q&A





Introductions

- Ned Horsted, Executive Director, Cannabis Industry Association of South Dakota
- Melissa Mentele, Executive Director, New Approach SD, Director of Compliance, Native Nations Cannabis and Author of IM26
- Matthew Jorgenson, CEO of Cannabis Chem Lab and Former Law Enforcement Officer
- Kittrick Jeffries, Director of Compliance, Dakota Cannabis Consulting
- Liz Tiger, Consultant, 605 Cannabis





Local Control - Time, Place, Manner

- Melissa Mentele, Executive Director, New Approach SD and Author of IM26
- **34-20G-56. Local government limitation on number of medical cannabis establishments.**
 - If a local government has enacted a numerical limit on the number of medical cannabis establishments in the locality and a greater number of applicants seek registration, the department shall solicit and consider input from the local government as to its preference for registration.
- **34-20G-58. Local government ordinances governing medical cannabis establishments.**
 - A local government may enact an ordinance not in conflict with this chapter, governing the time, place, manner, and number of medical cannabis establishments in the locality. A local government may establish civil penalties for violation of an ordinance governing the time, place, and manner of a medical cannabis establishment that may operate in the locality.





Local Control - Time, Place, Manner

- Melissa Mentele, Executive Director, New Approach SD and Author of IM26
- **34-20G-59. Local government prohibition of dispensaries not permitted.**
 - No local government may prohibit a dispensary, either expressly or through the enactment of an ordinance that makes the operation of the dispensary impracticable in the jurisdiction.
- **34-20G-60. Local licensing of medical cannabis establishments--Fee.**
 - A local government may require a medical cannabis establishment to obtain a local license, permit, or registration to operate, and may charge a reasonable fee for the local license, permit, or registration.
- Fees
 - Lake Andes: \$500
 - Meade County: \$125,000 (25x state maximum*)

*[SDCL 34-20G\(72\)\(a\)](#)





Local Perspective and License Types

- Ned Horsted, Executive Director, Cannabis Industry Association of South Dakota

4 License Types

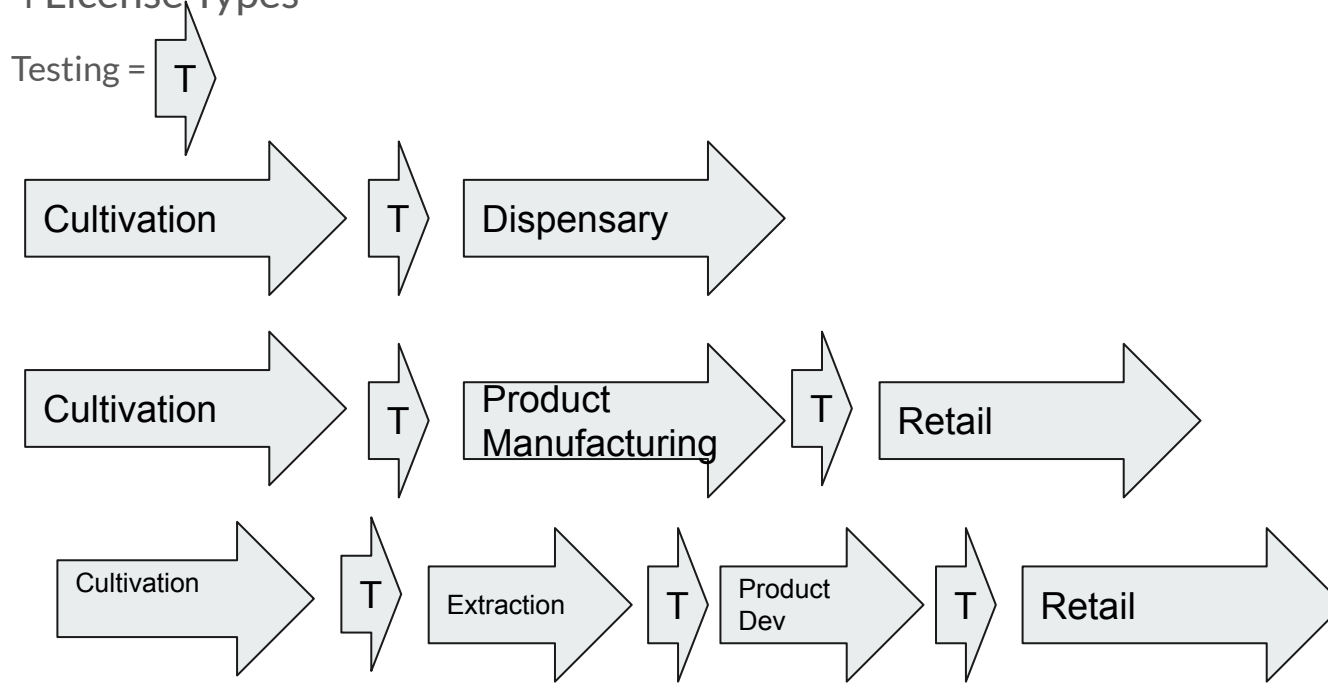
1. Cultivation
2. Product Manufacturing
3. Testing
4. Dispensary



Local Perspective and License Types

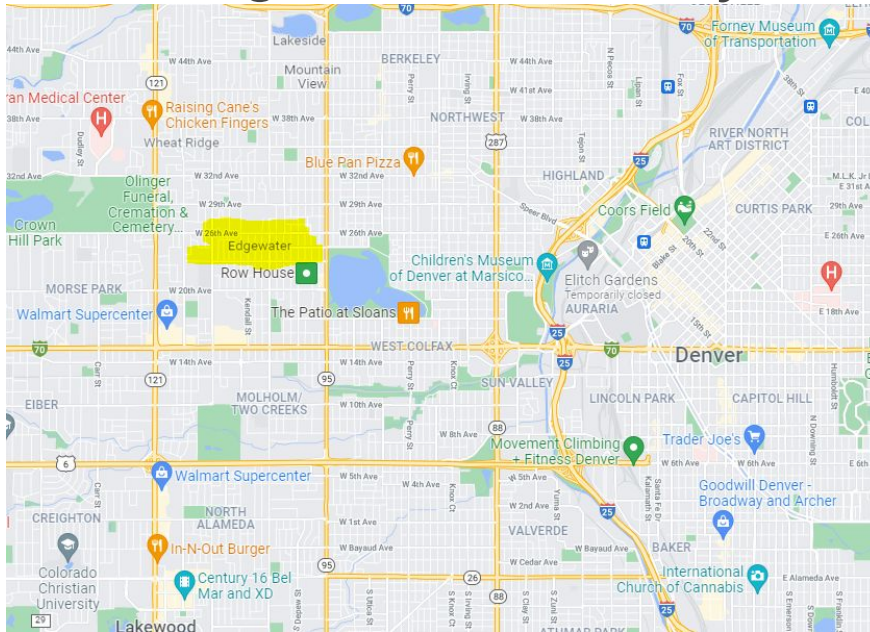


4 License Types



Local Perspective and License Types

Kris Teegardin, Former Mayor of Edgewater CO





Local Perspective and License Types

Kris Teegardin, Former Mayor of Edgewater CO

- What was the biggest impact from legalization?

“The obvious impact was the tax revenue, as our city of Edgewater, CO., was able to speed up the process of updating an entire infrastructure overhaul. We did not roll adult use cannabis taxes into the general fund, instead using the revenue for fixed assets. We basically paved our entire streets, along with curb cuts, from one year of taxes. After the infrastructure was complete, we utilized the taxes to fund a brand new civic center, complete with a gym/fitness center, city hall, police station, and district library. Those upgrades were sorely needed, as existing city properties were then able to be sold to the private sector. Edgewater collects no money from property taxes, and the entire budget is from sales tax, so the planning and execution (with the help of cannabis taxes) positioned the City for future success.”





Local Perspective and License Types

Kris Teegardin, Former Mayor of Edgewater CO

- What was the impact on crime in your community?

“In three years, there were three crimes committed directly related to the dispensaries themselves, but the data did not support in increase in crime directly related to the sale and/or use of cannabis in the City. Our DRE officers (and the entire department), made contact with subjects for different reasons, and cannabis could've been an accompaniment, but rarely was the main factor for police contact. In summation, we saw no measurable uptick in crime due to cannabis.

We partnered with the sheriff's office twice a year to do a drug sweep in the high school. In three years, I believe they found one edible. I am sure youth did get their hands on product (much like youth acquire alcohol, but there was no pronounced increase in use. I would, however, take a look at the State of Colorado's data regarding youth cannabis use, as we did not collect comprehensive data within the city for youth offenses.”

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Local Perspective and License Types

Kris Teegardin, Former Mayor of Edgewater CO

- How has legalization impacted the cost to taxpayers?

“Cannabis in our community didn’t cost the taxpayers a dime. The City did not create extra judicial or administrative entities/authorities that would cost taxpayer money for further oversight. I suppose the chief of police and myself taking time to visit the facilities from time to time, and the few crimes directly related to cannabis, were the only taxpayer burdens. Law enforcement were supportive of the experiment, and as I said before, most contacts were not due to cannabis being the main factor. ”





Local Perspective and License Types

Kris Teegardin, Former Mayor of Edgewater CO

- What else would you like to add?

“The success of cannabis in the community far outpaced any negative scenarios the city planned for in the event such negative occurrences did arise. It never happened.

I wouldn't put a cap on the licenses, and just let the zoning do the work. We were a bit hesitant to oversaturate the market for such a small city, and it was after all, a new experiment...”





Local Perspective and License Types

Kris Teegardin, Former Mayor of Edgewater CO

- What else would you like to add? (continued)

“We used the basic framework from medical regulations and allowed all existing medical to apply for recreational within the city. State regulations really dictated what those businesses had to do to convert or add a recreational license. We basically treated the cannabis industry like any other legal business and did not impose extra red tape.

In the end, I always encourage an "inverted" taxation structure for the industry. I believe the state overtaxes and should relegate most of the taxation to cover administrative and enforcement measures. In that way, this allows local government to set the taxation policy in a more local free market environment.”





Public Health, Safety, and Security

- Public Health/Public Safety
 - Crime Rates and Policing
 - Rates of Increase in Use
 - Underground Market vs Legitimate
- Safety of the Industry
 - Underground vs Legitimate Product
 - COA's - what they are and what they SHOULD mean
- Security
 - Dept of Health Rules
 - Distinction between Public Records and Confidential Records





Adult Use

From Medical to Recreational Marijuana: **Lessons for States in Transition**



THE OHIO STATE UNIVERSITY
MORITZ COLLEGE OF LAW

From Medical to Recreational Marijuana: Lessons for States in Transition

Authors: Jana Hrdinová, Dexter Ridgway



Adult Use

- Kittrick Jeffries, Director of Compliance, Dakota Cannabis Consulting





LOCAL GOVERNMENT COMPLIANCE CERTIFICATION

In accordance with [South Dakota Codified Law 34-20G-55](#) and [South Dakota Administrative Rule 44:90:03:01](#), applicants for all medical cannabis establishment types must provide a certification of compliance from the local municipality or county, as applicable, ensuring the applicant's proposed plans and location meet all local zoning and ordinance requirements.

The [Local Government Compliance Certification](#), labelled Form E, must be filled out by the local municipality or county and returned to the applicant for submission to the state with the application. Establishment applications will not be considered complete until the Local Government Compliance Certification Form E has been received by the South Dakota Department of Health.

For applicants applying within jurisdictions that had an ordinance in place prior to October 1, applicants may submit their applications prior to the November 1 deadline without an executed Local Government Compliance Certification Form E attached to the application. The Local Government Compliance Certification Form E must be supplied to the department within 90 days of submission of the application.

[LOCAL GOVERNMENT COMPLIANCE CERTIFICATION: Form E](#)



Resources

- Quick Link to 34-20G: www.ciasd.com/law
- Quick Link to SD Department of Health Rules: www.ciasd.com/rules
- [The Effect of State Marijuana Legalizations: 2021 Update \(CATO Institute\)](https://www.cato.org/policy-analysis/effect-state-marijuana-legalizations-2021-update)
<https://www.cato.org/policy-analysis/effect-state-marijuana-legalizations-2021-update>
- [From Medical to Recreational Marijuana: Lessons for States in Transition \(Ohio State Drug Enforcement and Policy Center\)](#)
- www.medcannabis.sd.gov
- <https://www.npr.org/sections/money/2021/03/16/976265525/the-data-on-legalizing-weed>



Speaker Contact Info:

Ned Horsted

Email: Ned@ciasd.com

Melissa Mentele

Email: compassionate605@gmail.com

Matt Jorgensen:

Email: matt.j@cannabiscemlab.com

Kitt Jeffries

Email: kittrick@dakotacannabisconsulting.com

Liz Tiger

Email: [Liz@605 Cannabis.com](mailto:Liz@605Cannabis.com)

CIASD Emails: Ned@ciasd.com ; comms@ciasd.com