

NOTICE OF ADOPTION
AN EMERGENCY ORDINANCE REGARDING
THE ISSUANCE OF
MEDICAL CANNABIS ESTABLISHMENTS LICENSES
UNION COUNTY ORDINANCE UCC#2021-003

BE IT ORDAINED BY UNION COUNTY:

WHEREAS, a local government may enact an emergency ordinance in accordance with SDCL §§ 11-2-10; SDCL 7-18A-2; 7-18A-8; and SDCL § 34-20G, 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. A local government may require a medical cannabis establishment to obtain a local license, zoning permit, or registration to operate, and may charge a reasonable fee for the local license, zoning permit, or registration;

WHEREAS, Union County, SD (“County”), makes a preliminary finding that the County’s current regulations and controls may not adequately address the unique needs and impacts of medical cannabis establishments as defined in SDCL § 34-20G-1;

WHEREAS, medical cannabis state laws under SDCL § 34-20G are effective July 1, 2021. The South Dakota Department of Health shall promulgate rules pursuant to chapter 1-26 not later than October 29, 2021, as defined by SDCL § 34-20G-72. During the time between July 1, 2021 and potentially as late as October 29, 2021, local units of government will not yet know standards for medical cannabis and will not be able to adequately assess the licensing requirements necessary to approve local permits and to better ensure applicants have a more predictable permitting process and avoid stranded investments;

WHEREAS, the County makes a preliminary finding that the County needs further study of the relationship of medical cannabis establishments to the County Comprehensive Plan. The public interest requires that the County study, analyze, and evaluate the impacts of medical cannabis establishments and to fully explore the impacts of any proposed regulations regarding medical cannabis establishments;

WHEREAS, the County makes a preliminary finding that it would be inappropriate for the County to issue a local permit or license to a medical cannabis establishment prior to the South Dakota Department of Health’s promulgation of regulations governing the same;

WHEREAS, the County hereby exercises its authority under SDCL §§ 11-2-10 and SDCL 7-18A-8, to establish an emergency ordinance regarding the issuance of any local permits/licenses for medical cannabis establishments within the County;

WHEREAS, an emergency ordinance will ensure that more building permit changes, licensing permits, and any proposed amendments to the County’s Comprehensive Plan can be completely examined with adequate public input from citizens, business interests, and medical cannabis industry representatives;

WHEREAS, the County finds that an emergency ordinance is reasonable to preserve the status quo and prevent significant investment pending the outcome of the above study and any proposed regulations emanating therefrom;

NOW, THEREFORE, BE IT ORDAINED BY UNION COUNTY, SD:

Section 1. Emergency Ordinance – Application for Local Permit/License

- A. A medical cannabis establishment desiring to operate in the County shall be required to apply for a license from the County. Applications for a local license to operate a medical cannabis establishment, as defined by SDCL § 34-20G-1, shall not be accepted until the South Dakota Department of Health has promulgated regulations as required by SDCL § 30-20G-72.
- B. Any application received prior to such regulations being promulgated shall be denied.

Section 2: Number of Licenses

- A. There shall be available as new local license(s) for medical cannabis establishments a total of one (1) license(s).
- B. The total new local licenses established in Section 2, A., shall be allocated as follows, with a maximum number of local licenses limited within type of medical cannabis establishment as follows:
 - 1. Cultivation Facility: 0 license(s)
 - 2. Cannabis Testing Facility: 0 license(s)
 - 3. Cannabis Product Manufacturing Facility: 0 license(s)
 - 4. Dispensary: 1 license(s)
- C. The Commissioners shall consider all qualified applications in the order they were received.
- D. The Commissioners reserve the right to modify this Ordinance and grant itself additional licenses as long as the additional number of licenses do not exceed the number of licenses granted by the South Dakota Department of Health when and if such rules are promulgated.
- E. Should any additional local licenses become available through revocation or otherwise, such license shall be made available to the first qualified applicant.

Section 3: License Fees

- A. There shall be an application fee in the amount of \$125.00.
- B. There shall be a fee for newly issued licenses under this Ordinance for each type of medical cannabis establishment as follows:
 - 1. Cultivation Facility: \$ 100,000.00
 - 2. Cannabis Testing Facility: \$ 100,000.00
 - 3. Cannabis Product Manufacturing Facility: \$ 100,000.00
 - 4. Dispensary: \$ 100,000.00
- C. There shall be a renewal fee for any license issued under this Ordinance in the amount of \$25,000.

Passed this 28th day of June, 2021.
Adopted this 1st day of July, 2021.

Milton Ustad
Milton Ustad, Chairperson

Attest:
Jack Shewert
Auditor

1st Reading: June 21, 2021
2nd Reading: June 28, 2021
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