

## ORDINANCE #50

It was moved by Kjetland, and seconded by Waldera, that the following Ordinance be adopted:

### AN ORDINANCE CREATING LICENSING PROVISIONS FOR CANNABIS ESTABLISHMENTS

**BE IT ORDAINED** by the Hanson County Board of Commissioners that the following Ordinance be adopted:

**ARTICLE I: PURPOSE AND INTENT.** The Board of Commissioners of Hanson County enacts the following licensing ordinances in order to ensure that cannabis establishments within the municipal boundaries of the County operate in a manner which complies with state laws and regulations, protects the health, safety, and welfare of the general public, prevents potential conflicts and issues arising from ownership and employees, recognizes certain safety and security considerations, and minimizes risk of unauthorized use or access of cannabis by the general public.

**ARTICLE II: DEFINITIONS.** Unless an alternative definition is explicitly stated in this section, this chapter utilizes the definitions for cannabis-related terms which are defined by SDCL 34-20G-1.

**(A) Cannabis (or Marijuana):** all parts of any plant of the genus cannabis, whether growing or not, in its natural and unaltered state, except for drying or curing and crushing or crumbling. The term includes an altered state of marijuana absorbed into the human body. The term does not include fiber produced from the mature stalks of such plant, or oil or cake made from the seeds of such plant. The term does not include the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives,

extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis.

**(B) Cannabis Cultivation Facility:** in addition to the definition in SDCL 34-20G-1, this term is further defined as a legally licensed entity that acquires, possesses, cultivates, delivers, transfers, transports, supplies, or sells cannabis and related supplies to a cannabis establishment.

**(C) Cannabis Dispensary:** in addition to the definition in SDCL 34-20G-1, this term is further defined as a legally licensed entity that acquires, possesses, stores, delivers, transfers, transports, sells, supplies, or dispenses cannabis, cannabis products, paraphernalia, or related supplies and educational materials.

**(D) Cannabis Establishment:** cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a cannabis dispensary.

**(E) Cannabis Product Manufacturing Facility:** in addition to the definition in SDCL 34-20G-1, this term is further defined as a legally licensed entity that acquires, possesses, manufactures, delivers, transfers, transports, supplies, or sells cannabis products to a cannabis dispensary.

**(F) Cannabis Products:** any concentrated cannabis, cannabis extracts, and products that are infused with cannabis or an extract thereof and are intended for use or consumption by humans. The term includes edible cannabis products, beverages, topical products, ointments, oils, and tinctures

**(G) Cannabis Testing Facility:** in addition to the definition in SDCL 34-20G-1, this term is further defined as a legally licensed entity legally authorized to analyze the safety and potency of cannabis.

**(H) Department:** the South Dakota Department of Health

**ARTICLE III: NSE REQUIRED.** The following licensing provisions apply:

[A] No cannabis establishment may be located or operate in the county without the appropriate valid and current cannabis establishment license issued by the county pursuant to this article. A violation of this provision is subject to the general penalty provision in Chapter XX.16. Each day of the violation constitutes a separate offense.

[B] No cannabis establishment may be located or operate in the county without the appropriate valid and current cannabis establishment registration certificate issued by the Department pursuant to rules promulgated under SDCL 34-20G. A violation of this provision is subject to the general penalty provision in XX.16. Each day of the violation constitutes a separate offense.

**ARTICLE IV: LICENSE APPLICATION.** The license application shall be:

[A] An application for a cannabis establishment license must be made on a form provided by the county. No other application form will be considered.

[B] The applicant must submit the following:

1. Application fee of \$10,000.00. The County will reimburse \$3,750.00 for applicants who fail to obtain a registration certificate from the South Dakota Department of Health.

2. An application that will include, but is not limited to, the following:
  - a. The legal name of the prospective cannabis establishment;
  - b. The physical address of the prospective cannabis establishment that meets the zoning requirements in Ordinance #18 and acts amendatory thereof, as well as any location requirements pursuant SDCL 34-20G and the administrative rules promulgated thereunder.
  - c. The name, address, and birth date of each principal officer, owner, and board member of the proposed cannabis establishment.
  - d. A sworn statement that no principal officer, owner, or board member has been convicted of a violent felony offense in the previous ten (10) years in any jurisdiction.
  - e. Any additional information requested by the county.

**ARTICLE V: ISSUANCE OF LICENSE.**

[A] The county will issue a license unless:

1. The applicant has made a false statement on the application or submits false records or documentation; or
2. Any owners, principal officer, or board member of the applicant is under the age of twenty-one (21) years; or

3. Any owner, principal officer, or board member of the applicant has been convicted of a violent felony offense in the previous ten (10) years in any jurisdiction;
  4. The proposed location does not meet the applicable zoning requirements under Ordinance #18.
  5. The proposed location does not meet all location requirements under SDCL 34-20G and the administrative rules promulgated thereunder;
  6. The license is to be used for a business prohibited by state or local law, statute, rule, ordinance, or regulation; or
  7. Any owner, principal officer, or board member of the applicant has had a cannabis establishment license revoked by the county or a registration certificate revoked by the state; or
  8. An applicant, or an owner, principal officer, or board member thereof, is overdue in payment to the county of taxes, fees, fines, or penalties assessed against or imposed upon the applicant in relation to any cannabis establishment; or
  9. The applicant will not be operating the business for which the license would be issued.
- [B] In the case of an application for a cannabis dispensary license, the county will reject the application if the limit on the number of cannabis dispensaries has been reached.
- [C] The license must be posted in a conspicuous place at or near the entrance to the cannabis establishment so that it may be easily read at any time.

**ARTICLE VI: COUNTY NEUTRALITY AS TO APPLICANTS.** Upon request from the Department as to the County's preference of applicants, the County will neither support nor oppose any registration certificate application under consideration by the Department. Likewise, if inquiry is made by the Department, the County will abstain from endorsing any application as beneficial to the community.

**ARTICLE VII: LOCATIONS**

[A] Cannabis Dispensary

1. Dispensary shall not be located within a prescribed distance from certain existing uses as measured from the lot line of the property where the dispensary is proposed, to the lot line of the protected uses listed below:
  - i. Shall not be located within one thousand (1,000) feet of a public or private school existing before the date of the cannabis dispensary establishment application. (34-20G-55)
  - ii. Shall not be located within one thousand (1,000) feet from a nonresidential daycare facility
  - iii. Shall not be located within one thousand (1,000) feet from a public park, public pool or public recreational facility or library
  - iv. Shall not be located within one thousand (1,000) feet of a religious institution
  - v. Shall not be located within five hundred (500) feet of a residence.
  - vi. No future development will cause a dispensary to become nonconforming due to the establishment of a protected use within the distance prescribed herein.

2. Other location standards are as follows:

- i. No cannabis dispensary shall share premises with or permit access directly from another cannabis establishment, business that sells alcohol or tobacco, or if allowed by law, other cannabis establishment. (44:90:04:14)
- ii. It shall be unlawful to operate a dispensary in a building which contains a residence or a mixed-use building with commercial and residential uses.

3. General Provisions and Performance Standards for Dispensaries are shown below:

- i. No more than one (1) cannabis dispensaries shall be allowed to operate in the unincorporated area of the County at any time.
- ii. No dispensary shall allow access entry to anyone under 21 years of age
- iii. Access control methods shall be installed pursuant to state requirements
- iv. Shall be located within a completely enclosed permanent structure. Mobile dispensaries are prohibited.
- v. Drive-through dispensaries are prohibited.
- vi. Cannabis dispensary authorized hours of operation are from 9:00 o'clock a.m. to 8:00 o'clock p.m. exclusive of Sundays and State recognized holidays.
- vii. Shall provide for proper disposal of cannabis remnants and/or by-products and shall not place waste items in exterior refuse containers.
- viii. Retail products, storage, sales, and display areas shall be kept out of the public view and shall not be visible from the exterior of the building.

- ix. Signage and advertising shall be limited to on premise signage only, no billboard advertising, pole signage is prohibited, and signage is limited to text only with no graphic displays or video.

[B] Cannabis Cultivation Facility

1. Cannabis Cultivation Facility shall not be located within a prescribed distance from certain existing uses as measured from the lot line of the property where the cultivation facility is proposed, to the lot line of the protected uses listed below:
  - i. Shall not be located within 1,000 feet of a public or private school existing before the date of the cannabis cultivation establishment application. (34-20G-55)
  - ii. Shall not be located within one thousand (1,000) feet from a nonresidential daycare facility
  - iii. Shall not be located within one thousand (1,000) feet from a public park, public pool or public recreational facility or library
  - iv. Shall not be located within one thousand (1,000) feet of a religious institution
  - v. Shall not be located within five hundred (500) feet of a residence.
  - vi. No future development will cause a cultivation facility to become nonconforming due to the establishment of a protected use within the distance prescribed herein.
2. General Provisions and Performance Standards for Cannabis Cultivation Facilities
  - i. All cultivation operations shall be within a completely enclosed permanent building.



- ii. Shall provide for proper disposal of cannabis remnants and/or by-products and shall not place waste items in exterior refuse containers.
- iii. Shall provide for a ventilation and filtration system designed to ensure that odors from cultivation are not detectable beyond the property line. Ventilation and filtration systems shall meet the standards set forth by the State of South Dakota. All cultivation operations shall be within a completely enclosed permanent building or secured greenhouse facility.
- iv. Security measures shall be installed as required by state regulations.
- v. Perimeter of the property shall be fenced with minimum of a six (6) foot high solid fence and security access gates.
- vi. Signage and advertising shall be limited to on premise signage only, no billboard advertising, pole signage is prohibited, and signage is limited to text only with no graphic displays or video.

[C] Cannabis Testing Facility

1. Cannabis Testing Facility shall not be located within a prescribed distance from certain existing uses as measured from the lot line of the property where the testing facility is proposed, to the lot line of the protected uses listed below:
  - i. Shall not be located within 1,000 feet of a public or private school existing before the date of the cannabis testing establishment application. (34-20G-55).
  - ii. Shall not be located within one thousand (1,000) feet from a nonresidential daycare facility.
  - iii. Shall not be located within one thousand (1,000) feet from a public park, public pool or public recreational facility or library.
  - iv. Shall not be located within one thousand (1,000) feet of a religious institution.

- v. Shall not be located within five hundred (500) feet of a residence.
- vi. No future development will cause a testing facility to become nonconforming due to the establishment of a protected use within the distance prescribed herein.

## 2. General Provisions and Performance Standards for Cannabis Testing Facilities

- i. All testing operations shall be within a completely enclosed permanent building.
- ii. Shall provide for proper disposal of cannabis remnants and/or by-products and shall not place waste items in exterior refuse containers.
- iii. Shall provide for a ventilation and filtration system designed to ensure that odors from cultivation are not detectable beyond the property line. Ventilation and filtration systems shall meet the standards set forth by the State of South Dakota. All cultivation operations shall be within a completely enclosed permanent building or secured greenhouse facility.
- iv. Security measures shall be installed as required by state regulations.
- v. Perimeter of the property shall be fenced with minimum of a six (6) foot high solid fence and security access gates.
- vi. Signage and advertising shall be limited to on premise signage only, no billboard advertising, pole signage is prohibited, and signage is limited to text only with no graphic displays or video.

### [D] Cannabis Product Manufacturing Facility

1. Cannabis Product Manufacturing Facility shall not be located within a prescribed distance from certain existing uses as measured from the

lot line of the property where the manufacturing facility is proposed, to the lot line of the protected uses listed below:

- i. Shall not be located within 1,000 feet of a public or private school existing before the date of the cannabis testing establishment application. (34-20G-55).
- ii. Shall not be located within one thousand (1,000) feet from a nonresidential daycare facility.
- iii. Shall not be located within one thousand (1,000) feet from a public park, public pool or public recreational facility or library.
- iv. Shall not be located within one thousand (1,000) feet of a religious institution.
- v. Shall not be located within five hundred (500) feet of a residence.
- vi. No future development will cause a manufacturing facility to become nonconforming due to the establishment of a protected use within the distance prescribed herein.

## 2. General Provisions and Performance Standards for Cannabis Testing Facilities

- i. All manufacturing operations shall be within a completely enclosed permanent building.
- ii. Shall provide for proper disposal of cannabis remnants and/or by-products and shall not place waste items in exterior refuse containers.
- iii. Shall provide for a ventilation and filtration system designed to ensure that odors from cultivation are not detectable beyond the property line. Ventilation and filtration systems shall meet the standards set forth by the State of South Dakota. All cultivation operations shall be within a completely enclosed permanent building or secured greenhouse facility.
- iv. Security measures shall be installed as required by state regulations.

- v. Perimeter of the property shall be fenced with minimum of a six (6) foot high solid fence and security access gates.
- vi. Extraction processes utilizing flammable liquefied gas shall not be located in any building containing Group A, E, I, or R occupancies as defined by the International Building Code.
- vii. Exit doors from extraction rooms shall swing in the direction of egress and be self-closing. Panic hardware shall be provided on door and where latching door hardware is provided panic hardware shall also be provided.
- viii. Extraction rooms, booths, or hoods, including ductwork where required for hazardous exhaust systems shall be protected by an approved automatic fire extinguishing system.

Signage and advertising shall be limited to on premise signage only, no billboard advertising, pole signage is prohibited, and signage is limited to text only with no graphic displays or video.

**ARTICLE VIII: NUMBER OF CANNABIS DISPENSARIES.** There shall be no more than one (1) cannabis dispensaries will be allowed to operate in the County at any time.

**ARTICLE IX: EXPIRATION OF LICENSE AND RENEWAL.** The license:

[A] Each license expires (one year from the date of issuance) (on December 31 of each year) and may be renewed only by making application as provided in Article IV. Application for renewal must be submitted at least thirty (30) days before the expiration date. The license holder must continue to meet the license requirements to be eligible for a renewal.

[B] The renewal fee is \$10,000.00. The County will reimburse \$3,750.00 for applicants who fail to obtain a renewal of their registration certificate from the Department.

[C] Failure to renew a license in accordance with this section may result in additional fees. Upon expiration of the license, business operation shall cease.

[D] If a license holder has not operated an establishment for which it holds a license in the preceding twelve (12) months, the license will not be renewed.

#### **ARTICLE X: SUSPENSION.**

[A] A license may be suspended if the license holder or an employee or agent of the license holder:

1. Violates or is not in compliance with any section of this article.
2. Consumes or smokes or allows any person to consume or smoke cannabis on the premises of the cannabis establishment.
3. Knowingly dispenses or provides cannabis or cannabis products to an individual or business in violation of any law.

[B] A license may be suspended if the license holder has its Department-issued registration certificate suspended, revoked, or not renewed by the Department or if the registration certificate is expired.

[C] A license may be suspended if the license holder creates or allows to be created a public nuisance at the cannabis establishment.

#### **ARTICLE XI: REVOCATION.**

[A] A license may be revoked if the license is suspended under Section XX.10 and the cause for the suspension is not remedied.

[B] A license may be revoked if the license is subject to suspension under Section XX.10 because of a violation outlined in that section and the license has been previously suspended in the preceding 24 months.

[C] A license is subject to revocation if a license holder or employee of a license holder:

1. Gave false or misleading information in the material submitted during the application process;
2. Knowingly allowed possession, use, or sale of non-cannabis-controlled substances on the premises;
3. Operated the cannabis establishment or the business of the cannabis establishment for which a license is required under this article while the license was suspended;
4. Repeated violations of Section XX.11;
5. Operated a function of a cannabis establishment for which the license holder was not licensed (e.g., a licensed cannabis cultivation facility conducting cannabis testing functions without a cannabis testing establishment license);
6. A license holder, or an owner, principal officer, or board member thereof, is delinquent in payment to the city, county, or state for any taxes or fees related to the cannabis establishment;
7. A license holder, or an owner, principal officers, or board member thereof, has been convicted of, or continues to employ an employee who has been convicted of, a disqualifying felony offense as defined by SDCL 34-20G; or

8. The license holder has its Department-issued registration certificate suspended, revoked, or not renewed or the registration certificate is expired.
9. The license holder allows a public nuisance to continue after notice from the County.

**ARTICLE XII: SUSPENSION AND REVOCATION PROCESS.**

- [A] The license holder will receive a notice of intent to suspend or notice of intent to revoke informing the license holder of the violation and the county's intention to suspend or revoke the license. The notice will be hand delivered to the license holder or an employee or agent of the license holder or sent by certified mail, return receipt requested to the physical address of the cannabis establishment.
- [B] If the license holder disputes the suspension or revocation, the license holder has ten (10) days from the postmark date on the notice or the date the notice was hand delivered to request a hearing before a hearing panel, which will consist of the Chairman of the Board of Commissioners, County Auditor, and Zoning Administrator.
- [C] A suspension will be for thirty (30) days and begins ten (10) days after the postmark date on the notice or the date the notice is hand delivered unless the license holder exercises its rights to process and appeal, in which case the suspension takes effect upon the final determination of suspension.
- [D] A revocation will be for one (1) year and begins ten (10) days after the postmark date on the notice or the date the notice is hand delivered unless the license holder appeals the revocation, in which case the revocation takes effect upon the final determination of revocation.

[E] The license holder who has had the license revoked may not be issued any cannabis establishment license for one year from the date the revocation became effective.

**ARTICLE XIII: APPEAL.** An applicant or license holder who has been denied a license or renewal of a license or who has had a license suspended or revoked under this article may appeal to the Board of Commissioners by submitting a written appeal within ten (10) days of the postmark on the notice of denial, nonrenewal, suspension, or revocation. The written appeal must be submitted to the County Auditor at PO Box 500, 720 5<sup>th</sup> Street, Alexandria, South Dakota, 57311. The appeal will be considered by the Board of Commissioners at a regularly scheduled meeting within one month of the receipt of the appeal.

**ARTICLE XIV: LICENSES NOT TRANSFERRABLE.** No cannabis establishment license holder may transfer the license to any other person or entity either with or without consideration, nor may a license holder operate a cannabis establishment at any place other than the address designated in the application.

**ARTICLE XV: HOURS OF OPERATION FOR DISPENSARIES.**

Cannabis dispensary authorized hours of operation are from 9:00 o'clock a.m. to 8:00 o'clock p.m. exclusive of Sundays and State recognized holidays.

**ARTICLE XVI: LIABILITY FOR VIOLATIONS.**

Notwithstanding anything to the contrary, for the purposes of this article, an act by an employee or agent of a cannabis establishment that constitutes grounds for suspension or revocation will be imputed to the cannabis establishment license holder for purposes of finding a violation of this article, or for purposes of license denial, suspension, or revocation, only if an officer, director or general partner or a person who managed, supervised or



controlled the operation of the cannabis establishment, knowingly allowed such act to occur on the premises.

**ARTICLE XVII: PENALTIES.** Any person who operates or causes to be operated a cannabis establishment without a valid license or in violation of this article is subject to a suit for injunction as well as prosecution for ordinance violations. Such violations are punishable by a maximum fine of five hundred dollars (\$500.00). Each day a cannabis establishment so operates is a separate offense or violation.

The Board of Commissioners further determines that any operation of an establishment in violation of this Ordinance is a public nuisance and may be enforced either civilly or criminally.

**ARTICLE XVIII: SEVERABILITY.** The provisions of this ordinance are severable. If any provision of this ordinance or the application thereof to any person or circumstance is held to be invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision or application.

#### JUSTIFICATION FOR ORDINANCE:

- [1] It is in the best interest of the citizens and residents of Hanson County, South Dakota for the County to maintain some controls over the number, location and operation of any marijuana dispensaries within the County; and

---

Gary Schoenrock, Chairman  
Hanson County

ATTEST:

---

Lesa Trabing, Auditor  
Hanson County

(SEAL)

First Reading: August 17, 2021.

Second Reading: September 23, 2021.

Votes For: 5 Votes Against: 0.

Published: October 7, 2021.

Effective Date: October 27, 2021.

(20 days after publication)