**ORDINANCE 2021-15**

**AN ORDINANCE ADDING CHAPTER 7.01 TO THE REVISED ORDINANCES OF WALWORTH COUNTY CREATED LICENSING PROVISIONS FOR CANNABIS ESTABLISHMENTS**

**BE IT ORDAINED** by the Board of County Commissioners of Walworth County that an ordinance CREATING LICENSING PROVISIONS FOR CANNABIS ESTABLISHMENTS of the Revised Ordinances of Walworth County is hereby amended by adding a new Chapter 7:01 as follows:

**7.01: PURPOSE AND INTENT**

The Board of County Commissioners of Walworth County enacts the following licensing ordinances in order to ensure that cannabis establishment within the unincorporated areas 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 minimized risk of unauthorized use or access of cannabis by the general public.

**7.02: DEFINITIONS**

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

**Cannabis (or Marijuana):** all parts of any plant of the genus cannabis, whether growing or not; the seeds thereof; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant or its seeds. The term does not include fiber products from the mature stalks of the plant, or oil or cake made from the seeds of the plant, or the resin when extracted from any part of the plant, or cannabidiol in a drug product approved by the United States Food and Drug Administration. 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.

**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, stores, delivers, transfers, transports, sells, supplies, or dispenses cannabis, cannabis products, paraphernalia, or related supplies and educational materials.

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

**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.

**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.

**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.

**Department:** the South Dakota Department Health

**7.03: LICENSE REQUIRED**

(a) No cannabis establishment may be located or operate in the unincorporated area of 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 7.16. Each day of the violation constitutes a separate offense.

(b) No cannabis establishment may be located or operate in the unincorporated area of 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 7.16. Each day of the violation constitutes a separate offense.

**7.04: LICENSE APPLICATION**

(a) An application for a cannabis establishment 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 $5,000. The County will reimburse $2,500 for applicants who fail to obtain a registration certificate form from the South Dakota Department of Health
2. An application that will include, but is not limited to, the following:
3. The legal name of the prospective cannabis establishment;
4. The physical address of the prospective cannabis establishment that meets the zoning requirements in Chapter 4.01 Section 4.03.03, as well as any location requirements pursuant to SDCL 34-20G and the administrative rules promulgated thereunder;
5. The name, address, and birth date of each principle officer, owner, and board member of the proposed cannabis establishment;
6. A sworn statement that no principal officer, owner, or board members has been convicted of a violent felony offense in the previous ten (10) years in any jurisdiction;
7. Any additional information requested by the County.

**7.05: 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 owner, principal officer, or board member of the application in under the age of twenty-one (21) years; or
3. Any owner, principal officer, or board member of the application has been convicted of a violent felony offense in the previous ten (10) years in any jurisdiction; or
4. The proposed location does not meet the applicable zoning requirements under Chapter 4.04 Section 4.03.03; or
5. The proposed location does not meet all location requirements under SDCL 34-20G and the administrative rules promulgated thereunder; or
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 application 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 addressed against or imposed upon the applicant in relation of 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 establishment license, the County will reject

the application if the limit on the number of cannabis establishments 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.

**7.06: COUNTY NEUTRALITY AS TO APPLICANTS**

(a) Upon request from the Department 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.

**7.07: NUMBERS OF CANNABIS ESTABLISHMENTS**

(a) No more than one cannabis establishments shall be allowed to operate in the

unincorporated area of the County at any time.

**7.08: EXPIRATION OF LICENSE AND RENEWAL**

(a) Each license expires one year from the date of issuance and may be renewed only by making application as provided in Section 7.04. 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 $5,000. The County will reimburse $2,500 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, the County may order closure of the cannabis establishment.

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

**7.09: SUSPENSION**

(a) A license may be suspended if the license holder or an employee or agent of the license holder:

1. Violates or is otherwise not in compliance with any section of this article.
2. Consumes or smokes or allows any person to consumer or smoke cannabis on the premises of the cannabis establishment.
3. Knowingly dispenses or provides cannabis or cannabis products to an individual or business to whom it is unlawful to provide cannabis or cannabis products.

(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 expired.

(c) A license may be suspended if the license holder creates or allows to be created a public

nuisance at the cannabis establishment.

**7.10: REVOCATION**

(a) A license may be revoked if the license is suspended under Section 7.09 and the cause

for the suspension is not remedied.

(b) A license may be revoked if the license is subject to suspension under 7.09 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 7.11;
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 officer, or board member thereof, has been convicted of, or continues to 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.

**7.11: SUSPENSION AND REVOCATION PROCESS**

(a) 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 of the date the notice was hand delivered to request a hearing before a hearing panel, which will consist of the County Commission Chairperson, Auditor, Sheriff and the States Attorney.

(b) 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

(c) A revocation will be for one (1) year and begins ten (10) days after the postmark date on the notice of 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 and revocation.

**7.12: 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 County 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 Walworth County Courthouse, 4304 4th Avenue, Selby, South Dakota, 57472. The appeal will be considered by the Board of County Commissioners at a regularly meeting within one month of the receipt of the appeal.

**7.13: 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.

**7.14: HOURS OF OPERATION FOR ESTABLISHMENTS**

No cannabis establishments may operate between the hours of 8:00 A.M. and 5:00 P.M., Monday through Saturday.

**7.15: LIABILITY FOR VIOLATIONS**

Notwithstanding anything to the contrary, for the purpose 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.

**7.16: 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). Each day a cannabis establishment so operates is a separate offense or violation.

**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.

 APPROVED

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 CHAIRMAN

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WALWORTH COUNTY AUDITIOR

Passed First Reading:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Passed Second Reading:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Published:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Effective:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_