



July 29, 2019

Hon. Steve Barnett  
Secretary of State  
500 E Capitol Avenue  
Pierre, SD 57501

RECEIVED

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S.D. SEC. OF STATE

Dear Secretary Barnett,

The Legislative Research Council received an initiated measure to provide for regulation, access and compassionate use of cannabis in South Dakota. The initiated measure requires a fiscal note because it was determined that it may have an impact on revenues, expenditures, or fiscal liability of the state or its agencies and subdivisions. SDCL 2-9-31 requires the fiscal note be no longer than fifty "words." Therefore, numbers do not count against the fifty-word limit.

The fiscal note examines the fiscal impacts associated with the Department of Health, local governments, and prison and jail costs. The initiated measure allows local governments to charge a reasonable fee for a local license, permit, or registration, which may offset any potential costs to local governments. However, the potential costs and revenues to local governments is indeterminable. In addition, the measure is likely to have minimal impact on prison and jail costs. The Legislative Research Council concluded that a portion of marijuana users would legally obtain marijuana for medical reasons, which would prevent some convictions. However, states that have enacted medical marijuana laws have seen an increase in overall marijuana usage, dependence and abuse in adults, which would offset any potential savings.

Enclosed is a copy of the initiated measure, in final form, that was submitted to this office. In accordance with SDCL 2-9-31, I hereby submit the Legislative Research Council's fiscal note with respect to this initiated measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Hancock". The signature is fluid and cursive, with a large initial "J" and "H".

Jason Hancock  
Director

Enclosures

Cc: Melissa Mentele

# SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

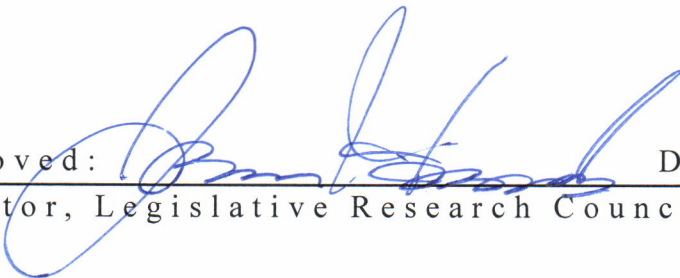
FISCAL NOTE

## INITIATED MEASURE

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AN INITIATED MEASURE TO PROVIDE FOR REGULATION, ACCESS AND  
COMPASSIONATE USE OF CANNABIS IN SOUTH DAKOTA.

Legalizing cannabis for medical use would have an initial cost to the state of \$677,309. Once the medical cannabis program is operational, it is expected that ongoing program revenues would cover program costs for a net to zero. This measure will likely have minimal impact on prison and jail costs.

Approved:  Date: 7/29/19  
Director, Legislative Research Council