



August 9, 2019

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

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S.D. SEC. OF STATE

Dear Secretary Barnett,

The Legislative Research Council received a constitutional amendment to provide for the legalization, licensing, regulation, and enforcement of cannabis in South Dakota. The amendment 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, percentages, and symbols do not count against the fifty-word limit.

The fiscal note examines the fiscal impacts associated with the legalization of cannabis in South Dakota. The amendment permits the Department of Revenue to establish rules regarding the licensing, regulation, and enforcement of cannabis in South Dakota. The amendment is likely to provide annual savings to prisons and jails. Legalization of cannabis would increase state Medicaid costs due to a 5-6% increase in vehicle crashes, as has been found in other states legalizing marijuana, as compared to neighboring states that have not. The revenues from licensing, excise tax, and sales tax would follow a similar trend seen in other states that have legalized cannabis. Expenditures would likely be incurred in FY2021 without any revenues due to the start and implementation of a new program. This analysis did not examine any societal or human costs associated with legalizing marijuana.

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 black ink that reads "Jason Hancock". The signature is written in a cursive style.

Jason Hancock  
Director

Enclosures

Cc: Brendan Johnson

Filed this 9<sup>th</sup> day of

August 2019

A handwritten signature in black ink that reads "Steve Barnett". The signature is written in a cursive style.  
SECRETARY OF STATE