



October 12, 2021

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

RECEIVED

OCT 12 2021

S.D. SEC. OF STATE

Dear Secretary Barnett,

The Legislative Research Council received an initiated measure (six sections) to legalize marijuana in small amounts for those twenty-one years of age or older. The initiated measure requires a fiscal note because it was determined 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.

The corrected fiscal note examines the fiscal impacts associated with legalizing marijuana. The initiated measure seeks to legalize the possession, use, ingestion, transportation, processing, delivering without consideration, and distribution without consideration of one ounce or less of marijuana. In addition, the cultivation of three or fewer plants and the possession of the marijuana produced would also be legalized if the plants and marijuana grown are kept in a locked space and out of public view.

The sale of marijuana would not be legalized through this measure, and therefore no tax revenue from marijuana sales would come to the State. Additional tax revenue from the sale of marijuana accessories would be possible but is not calculable at this time. The State would also earn marginal additional revenue from fines collected from civil penalties created by the initiated measure.

There would be decreased expenses for the State due to decreased incarceration from the nullification of some marijuana-related laws, but the decrease in expenses is projected to be negligible at this time due to 1) the de minimis number of individuals in prison due to crimes related to an ounce or less of marijuana and 2) the unknown but likely minimal effect on marijuana laws related to the cultivation and possession of marijuana directly from plants. The decreased expenses for jails would be more significant.

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 that reads "Reed Holwegner". The signature is written in a cursive style.

Reed Holwegner  
Director

Enclosures

Cc: Brendan Johnson

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

CORRECTED FISCAL NOTE

INITIATED MEASURE

RECEIVED

OCT 12 2021

S.D. SEC. OF STATE

---

AN INITIATED MEASURE TO LEGALIZE MARIJUANA (SIX SECTIONS).

The State and counties could see a minimal decrease in expenses due to decreased incarceration for marijuana-related offenses, and the State could see marginal additional revenue in the form of new civil penalty fines.

Approved: Reed Holwegner Date: October 12, 2021

Director, Legislative Research Council

Filed this 12<sup>th</sup> day of  
October, 2021  
Steve Barnett  
SECRETARY OF STATE

BE IT ENACTED BY THE PEOPLE OF SOUTH DAKOTA:

Section 1. That title 34 be amended by adding a NEW SECTION to read:

Terms used in this chapter mean:

- (1) "Hemp," the plant of the genus *cannabis*, 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;
- (2) "Local government," means a county, municipality, town, or township;
- (3) "Marijuana," the plant of the genus *cannabis*, and any part of that plant, including, the seeds, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including hash and marijuana concentrate. The term includes an altered state of marijuana absorbed into the human body. The term does not include hemp, or fiber produced from the stalks, oil or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products;
- (4) "Marijuana accessory," any equipment, product, material, which is specifically designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marijuana into the human body.

Section 2. That title 34 be amended by adding a NEW SECTION to read:

This chapter does not affect laws that otherwise regulate: