

City Council Agenda Memo

From: Paul Briseno, City Manager

Council Meeting: September 28, 2021

Subject: Medical Cannabis Establishment Licenses

Person(s) Responsible: Paul Briseno, City Manager

Summary:

The final step in establishing Brookings Medical Cannabis regulations is setting the fee for establishment licenses. Staff recommends a \$5,000 fee for new/renewal of medical cannabis licenses.

Background:

Initiated measure (IM26), which legalized medical cannabis in the State of South Dakota, provides that the South Dakota Department of Health shall set rules for medical cannabis establishments no later than October 29, 2021. The Department of Health released their draft rules the week of June 21st. The Department of Health regulations pertain to the licensing requirements and provide guidance to local municipalities on licensing of cannabis establishments. However, local municipalities are responsible for addressing the zoning aspect of cannabis establishments.

Item Details:

Staff recommends the following fees for Cannabis licensing:

Application fee for medical cannabis establishment license	\$5,000.00
Initial medical cannabis establishment license fee	\$5,000.00
Renewal fee for medical cannabis establishment license	\$5,000.00
Late renewal fee for medical cannabis establishment license	\$1,000.00

The state legislation regulated local fees as fair and reasonable. A majority of peer South Dakota communities will charge between \$2,500 and \$5,000 for a medical cannabis license. With the exception of Sioux Falls (\$50,000 initial and \$25,000 renewal) and Watertown (\$25,000). Sioux Falls will utilize the funds for marketing and education of cannabis and Watertown's Council believed the fee to be reasonable.

Legal Consideration:

None.

Strategic Plan Consideration:

The Cannabis license recommendation aligns with the Council's strategic initiative of fiscal responsibility.

Financial Consideration:

The license fee will cover staff time allocated to the licenses review.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a study session
5. Do nothing

Staff recommends approval of the resolution as presented.

Supporting Documentation:

Resolution