

ORDINANCE # 7-2021

AN ORDINANCE ADDING CHAPTER 4.04 TO THE MUNICIPAL ORDINANCES OF THE CITY OF COLTON, CREATING LICENSING PROVISIONS FOR MEDICAL CANNABIS DISPENSARY BUSINESSES

BE IT ORDAINED by the City Council of the City of Colton, that Title 4 of the Municipal Ordinances of the City of Colton is hereby amended by adding new Chapter 4.04 as follows:

Section 1.

That a NEW CHAPTER be ADDED to the Municipal Ordinances of the City of Colton under Title 4 – Licenses – to read as follows:

CHAPTER 4.04 – CANNABIS

4.0401 Purpose and Intent. The City Council of the City of Colton enacts the following licensing ordinances in order to ensure that Cannabis Establishments within the municipal boundaries of the City 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 minimizes risk of unauthorized use or access of cannabis by the general public.

4.0402 Definitions. Unless an alternative definition is explicitly stated in this section, this chapter utilizes the definitions for cannabis-related terms which are defined by SDCL 34-20G-1.

Applicant: Shall mean any person or entity who has submitted an application for a license or renewal of a license issued pursuant to this District. If the applicant is an entity and not a natural person, applicant shall include all persons who are the members, managers, officers, directors and shareholders of such entity.

Cannabis (or Marijuana): all parts of any plant of the genus cannabis, whether growing or not, in its natural and unaltered state, except for drying or curing and crushing or crumbling. The term includes an altered state of marijuana absorbed into the human body. The term does not include fiber produced from the mature stalks of such plant, or oil or cake made from the seeds of such plant. 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, cultivates, delivers, transfers, transports, supplies, or sells cannabis and related supplies to a cannabis establishment.

Cannabis Dispensary: 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.

Cardholder: Shall mean any person who has been issued and possesses a valid registry identification card pursuant SDCL Chapter 34-20G

City: Shall mean the City of Colton, South Dakota

Department: the South Dakota Department of Health

Disqualifying Felony Offense: Shall mean a crime that was classified as a felony in the jurisdiction where the person was convicted.

Licensee: Shall mean any person or business entity that has been issued and hold a valid current license pursuant to this Division. If the licensee is an entity and not a natural person, licensee shall include all persons who are the members, managers, officers, directors, and shareholders of such entity.

Registry Identification Card: Shall mean a document issued by South Dakota Department of Health that identifies a person as a registered qualifying patient or registered designated caregiver, or documentation that is deemed a registry identification card pursuant to SDCL 34-20G-29 to 34-20G-42, inclusive.

4.0403

Cannabis Establishment License Required.

- A. Subject to the limitations in Section 4.0407 below, no Cannabis Establishment may be located or operate in the City without the appropriate valid and current Cannabis Establishment license issued by the City pursuant to this article. A violation of this

provision is subject to the general penalty provision in Section 4.0416. Each day of the violation constitutes a separate offense.

- B. Subject to the limitations in Section 4.0407 below, no Cannabis Establishment may be located or operate in the City 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 Section 4.0416. Each day of the violation constitutes a separate offense.

4.0404: License Application.

- A. An application for a cannabis establishment license must be made on a form provided by the city. No other application form will be considered.
- B. The applicant must submit the following:
 - 1. Application fee of Five Thousand Dollars (\$5,000.00). The City will reimburse Two Thousand Five Hundred Dollars (\$2,500.00) for applicants who fail to obtain a registration certificate from the Department.
 - 2. An application that will include, but is not limited to, the following:
 - i. The legal name of the prospective Cannabis Establishment;
 - ii. The physical address of the prospective Cannabis Establishment that meets the zoning requirements in Article 19 of the 2013 Revised Zoning Ordinance of the City of Colton, as well as any location requirements pursuant SDCL 34-20G and the administrative rules promulgated thereunder.
 - iii. The name, address, and birth date of each principal officer, owner, and board member of the proposed Cannabis Establishment.
 - iv. A sworn statement that no principal officer, owner, or board member has been convicted of a violent felony offense in the previous ten (10) years in any jurisdiction.
 - v. Any other requirements set by the City.

4.0405 Issuance of License.

- A. The City 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 owners, principal officer, or board member of the applicant is under the age of twenty-one (21) years; or
 3. Any owner, principal officer, or board member of the applicant has been convicted of a violent felony offense in the previous ten (10) years in any jurisdiction;
 4. The proposed location does not meet the applicable zoning requirements under Article 19 of the 2013 Revised Zoning Ordinance of the City of Colton;
 5. The proposed location does not meet all location requirements under SDCL 34-20G and the administrative rules promulgated thereunder;
 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 applicant has had a Cannabis Establishment license revoked by the City 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 city of taxes, fees, fines, or penalties assessed against or imposed upon the applicant in relation to 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 Dispensary license, the City will reject the application if the limit on the number of Cannabis Dispensaries 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.

4.0406 City Neutrality as to Applicants. Upon request from the Department as to the City's preference of applicants, the City will neither support nor oppose any registration certificate application under consideration by the Department. Likewise, if inquiry is made by the Department, the City will abstain from endorsing any application as beneficial to the community.

4.0407 Number of Cannabis Establishment Permitted.

- A. No more than one (1) Cannabis Dispensary shall be allowed to operate in the City at any time.
- B. No Cannabis Cultivation Facility shall be allowed to operate in the City at any time.

- C. No Cannabis Testing Facility shall be allowed to operation in the City at any time.
- D. No Cannabis Product Manufacturing Facility shall be allowed to operate in the City at any time.
- E. In the event the numerical cap is lowered to an amount less than the number of the existing licenses in that class, no existing licensee shall be prevented from continuing operation during the license term, requesting modifications to application information, from renewing such license for consecutive, subsequent years, or from transferring such license, on the basis that the numerical limit would otherwise prohibit the issuance of a license to a new applicant. However, this exception shall not prevent a license from being suspended or revoked, nor shall it prevent a license from not being renewed or a transfer approved, based upon grounds other than the numerical limit being exceeded.

4.0408 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 4.0404. 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 Five Thousand Dollars (\$5,000.00). The City will reimburse \$0 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 City may order closure of the Cannabis Establishment.
- D. If a license holder has not operated a Cannabis Establishment for which it holds a license in the preceding twelve (12) months, the license will not be renewed.

4.0409 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 consume 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 is expired.

- C. A license may be suspended if the license holder creates or allows to be created a public nuisance at the cannabis establishment.

4.0410

Revocation.

- A. A license may be revoked if the license is suspended under Section 04.0410 and the cause for the suspension is not remedied.
- B. A license may be revoked if the license is subject to suspension under Section 4.0410 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 4.0411;
 - 5. Operated a function of a Cannabis Establishment for which the license holder was not licensed (e.g., a licensed cannabis dispensary conducting cannabis cultivation without a cannabis cultivation 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 officers, or board member thereof, has been convicted of, or continues to employ an 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 City.

4.0411 Suspension and Revocation Process.

- A. The license holder will receive a notice of intent to suspend or notice of intent to revoke informing the license holder of the violation and the City's intention to suspend or revoke the license. The notice will be hand delivered to the license holder or an employee or agent of the license holder or sent by certified mail, return receipt requested to the physical address of the Cannabis Establishment.
- B. If 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 was hand delivered to request a hearing before a hearing panel, which will consist of the Mayor, Finance Officer, and City Council.
- C. 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, in which case the suspension takes effect upon the final determination of suspension.
- D. A revocation will be for one (1) year and begins ten (10) days after the postmark date on the notice or 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 of revocation.
- E. The license holder who has had the license revoked may not be issued any Cannabis Establishment license for one year from the date the revocation became effective.

4.0412 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 City Council 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 City Hall, 309 E. 4th Street, PO Box 66, Colton, South Dakota 57018. The appeal will be considered by the City Council at a regularly scheduled meeting within one month of the receipt of the appeal.

4.0413 Licenses not Transferable. 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.

4.0414 Hours of Operation for Cannabis Dispensary. No Cannabis Dispensary may operate between the hours of 8 p.m. and 8 a.m. any day of the week. Cannabis Dispensaries are not allowed to be open Sundays, and Christmas Day.

4.0415 Liability for Violations. Notwithstanding anything to the contrary, for the purposes 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.

4.0416 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 (\$500.00). Each day a cannabis establishment so operates is a separate offense or violation.

4.0417 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.

PASSED AND APPROVED this 29th day of September 2021.

CITY OF COLTON, SOUTH DAKOTA

ATTEST

Rick Lehman
Mayor

Heather Madison
Municipal Finance Officer

(SEAL)

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