



Marijuana: Amendment A and Initiated Measure 26

Department of Revenue and Department of Health

Overview

On November 3, 2020, voters in South Dakota passed proposed constitutional Amendment A, which legalizes recreational marijuana in South Dakota. Voters also passed Initiated Measure 26, which legalized medicinal marijuana. Governor Noem's recommended budget includes \$4,161,502 in one-time funding to cover various expenses related to the implementation of commercial marijuana sales and use within the state. The responsibility to regulate recreational marijuana falls to the Department of Revenue, whereas the regulatory authority for medicinal marijuana falls to the Department of Health. It is also important to note that the effective date for both voter-approved measures is July 1, 2021, but we will not see any revenue until April 2022 at the earliest.

Amendment A

To allow for the commercial production and sale of recreational marijuana in the state, the legislature must pass further required legislation and the Department of Revenue must create administrative rules by April 1, 2022. In order to meet this timeline, the Department of Revenue must begin work immediately to create the infrastructure necessary to implement and operate this new program. The Governor is recommending \$4,026,253 to provide three years of funding for staff, technology, consultant, and other costs, until program revenues are sufficient to cover costs.

FY2021: \$350,367
FY2022: \$1,101,271
FY2023: \$1,824,615
One-time costs: \$750,000

Initiated Measure 26

The Department of Revenue has taken a lead role in the work necessary to implement legalized marijuana in South Dakota. However, the Department of Health has specific needs in order to implement a medical marijuana program. The Governor is recommending \$135,249 to provide three years of funding for staff, and other costs, until program revenues are sufficient to cover costs.

FY2021: \$45,083
FY2022: \$45,083
FY2023: \$45,083