GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2025

H HOUSE BILL 607

	Short Title:	Regulate Hemp Consumable Products. (Publ	ic)
	Sponsors:	Representatives McNeely and Chesser (Primary Sponsors).	
	•	For a complete list of sponsors, refer to the North Carolina General Assembly web site.	
	Referred to:	Rules, Calendar, and Operations of the House	
		April 1, 2025	
1		A BILL TO BE ENTITLED	
2	AN ACT T	O REGULATE THE SALE AND DISTRIBUTION OF HEMP-DERIVE	ED
3	CONSUM	MABLE PRODUCTS.	
4	The General A	Assembly of North Carolina enacts:	
5	SI	ECTION 1.(a) The General Statutes are amended by adding a new Chapter to rea	ıd:
6		" <u>Chapter 18D.</u>	
7		"Regulation of Hemp-Derived Consumable Products.	
8		"Article 1.	
9		"Regulation of Hemp-Derived Consumable Products.	
10	" <u>§ 18D-100.</u>	Definitions.	
11	Unless the	e context requires otherwise, the following definitions apply in this Chapter:	
12	<u>(1</u>	<u>ALE Division. – The Alcohol Law Enforcement Division of the Department</u>	<u>ent</u>
13		of Public Safety.	
14	<u>(2</u>)		
15		time under similar conditions and identified by a specific code that allow	<u>WS</u>
16		traceability.	
17	<u>(3</u>)	·	<u>ed</u>
18		consumable products for the purpose of distribution in commerce.	
19	<u>(4</u>)		
20		the point of sale that satisfies the child-resistant effectiveness standards und	
21		16 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirement	
22		of 16 C.F.R. § 1700.20 in which hemp-derived consumable products a	<u>ire</u>
23		placed by a seller after being sold to the ultimate consumer of the product.	
24	<u>(5)</u>		
25	<u>(6</u>		-
26		including delta-9 tetrahydrocannabinol (delta-9 THC), tetrahydrocannabinol	
27		acid (THCA), cannabidiol (CBD), cannabidiolic acid (CBDA), cannabin	
28		(CBN), cannabigerol (CBG), cannabichromene (CBC), cannabicyclol (CBI	
29		cannabivarin (CBV), tetrahydrocannabivarin (THCV), cannabidivar	
30		(CBDV), cannabicitran (CBT), delta-7 tetrahydrocannabinol (delta-7 THC	
31		delta-8 tetrahydrocannibinol (delta-8 THC), or delta-10 tetrahydrocannibin	
32		(delta-10 THC). This term also includes any synthetic cannabinoid derive	<u>ed</u>
33	·	from hemp and contained in a hemp-derived consumable product.	
34	<u>(7</u>		
35		intended for human ingestion or inhalation that contains a delta-9 TH	<u> </u>



1			concentration of not more than three-tenths of one percent (0.3%) on a dry
2			weight basis, but may contain concentrations of other hemp-derived
3			cannabinoids, in excess of that amount. This term does not include hemp
4			products intended for topical application, or seeds or seed-derived ingredients
5			that are generally recognized as safe by the United States Food and Drug
6			Administration (FDA).
7		<u>(8)</u>	Hemp product. – As defined in G.S. 90-87.
8		<u>(9)</u>	Independent testing laboratory. – A laboratory that meets all of the following
9			conditions:
10			<u>a.</u> Holds an ISO 17025 accreditation or is registered with the Drug
11			Enforcement Administration (DEA) in accordance with 21 C.F.R. §
12			1301.13.
13			b. Does not have a direct or indirect interest in the entity whose product
14			is being tested.
15			<u>c.</u> Does not have a direct or indirect interest in a facility that cultivates,
16			processes, distributes, dispenses, or sells hemp-derived consumable
17			products in this State or any other jurisdiction.
18			d. Has entered into a compliance agreement with the ALE Division to
19			conduct tetrahydrocannabinol concentration sampling and testing
20			using the high-performance chromatography (HPLC) testing method.
21		(10)	Ingestion. – The process of consuming hemp through the mouth, by
22			swallowing into the gastrointestinal system or through tissue absorption.
23		(11)	<u>Inhalation. – The process of consuming hemp into the respiratory system</u>
24		· 	through the mouth or nasal passages.
25		<u>(12)</u>	License. – A license issued in accordance with this Chapter.
26		$\overline{(13)}$	Licensee. – A person who has been issued a license in accordance with this
27			Chapter.
28		<u>(14)</u>	Manufacture. – To compound, blend, extract, infuse, cook, or otherwise
29		· 	manipulate hemp or a hemp-derived cannabinoid to make, prepare, or package
30			hemp-derived consumable products.
31		(15)	Manufacturer. – Any person or entity that engages in the process of
32		· 	manufacturing, preparing, or packaging of hemp-derived consumable
33			products.
34		<u>(16)</u>	Producer. – Any person or entity that engages in the process of farming and
35		<u> </u>	harvesting hemp that is intended to be used in the manufacture of a
36			hemp-derived consumable product.
37		(17)	Retail dealer. – Any person who sells a hemp-derived consumable product to
38		·	the ultimate consumer of the product, including a remote seller.
39		<u>(18)</u>	Serving. – A quantity of a hemp-derived consumable product reasonably
40		' 	suitable for a person's use in a single day.
41	"§ 18D-10	1. Sal	es restrictions on hemp-derived consumable products.
42	(a)	Restri	ctions. – No person shall do any of the following:
43		(1)	Knowingly, or having reason to know, sell a hemp-derived consumable
44			product to a person who is under 21 years of age. Any retail dealer of
45			hemp-derived consumable products shall demand proof of age from a
46			prospective purchaser of hemp-derived consumable products before the
47			hemp-derived consumable products are released to the purchaser if the retail
48			dealer has reasonable grounds to believe that the prospective purchaser is
49			under 30 years of age. Any retail dealer that sells a hemp-derived consumable
50			product on an internet website shall verify the age of any prospective
51			purchaser and shall use a method of delivery that requires the signature of a

1 person at least 21 years of age before the hemp-derived consumable product 2 is released. 3 <u>(2)</u> Knowingly, or having reason to know, distribute samples of hemp-derived 4 consumable products in or on a public street, sidewalk, park, or public 5 building. 6 Engage in the business of selling a hemp-derived consumable product without <u>(3)</u> 7 a valid license issued in accordance with this Chapter. 8 Knowingly, or having reason to know, sell a hemp-derived consumable **(4)** 9 product that has a concentration of more than three-tenths of one percent 10 (0.3%) on a dry weight basis of delta-9 tetrahydrocannabinol. 11 Knowingly, or having reason to know, sell a hemp-derived consumable (5) product that is not contained in an exit package or a child proof package. 12 13 Knowingly, or having reason to know, sell at retail or on an internet website **(6)** 14 offering delivery in this State, a hemp-derived consumable product that is not 15 in compliance with G.S. 18D-105. Knowingly, or having reason to know, sell at retail hemp flower or a product 16 (7) 17 containing hemp flower that is not accompanied by a certificate of analysis 18 issued within the previous six-month period demonstrating that the hemp 19 flower or product containing hemp flower has a concentration of no more than 20 three-tenths of one percent (0.3%) on a dry weight basis of delta-9 21 tetrahydrocannabinol. 22 (b) Civil Penalties. – Violation of this section shall have the following penalties: 23 For the first violation, the ALE Division may impose a civil penalty of no <u>(1)</u> 24 more than five hundred dollars (\$500.00). 25 For the second violation within three years, the ALE Division may impose a **(2)** 26 civil penalty of no more than seven hundred fifty dollars (\$750.00). 27 For the third violation within three years of the first violation, the ALE <u>(3)</u> 28 Division shall impose a civil penalty of no more than one thousand dollars 29 (\$1,000) and suspend the retail dealer's license for one year. 30 <u>(4)</u> For a fourth or subsequent violation within three years of the first violation, 31 the ALE Division shall impose a civil penalty of no more than two thousand 32 dollars (\$2,000) and revoke the retail dealer's license. 33 Compromise. – In any case in which the ALE Division is entitled to suspend or revoke (c) 34 a retail dealer's license, the ALE Division may accept from the retail dealer an offer in 35 compromise to pay a penalty of not more than three thousand dollars (\$3,000). The ALE Division 36 may either accept a compromise or revoke a license, but not both. The ALE Division may accept 37 a compromise and suspend the license in the same case. 38 Testing Fee. – In any case in which the ALE Division imposes a penalty pursuant to 39 subsection (b) of this section, for a violation of subdivision (4) of subsection (a) of this section, 40 the retail dealer shall also pay to the ALE Division the actual costs paid by the ALE Division for 41 testing of the samples resulting in the violation. Any fee collected pursuant to this subsection 42 shall be remitted to the ALE Division. 43 Defenses. – It is a defense to a violation of subdivision (1) of subsection (a) of this 44 section if the retail dealer does any of the following: 45 Shows that the purchaser produced a drivers license, a special identification <u>(1)</u> 46 card issued under G.S. 20-37.7 or issued by the state agency of any other state 47 authorized to issue similar official state special identification cards for that 48 state, a tribal enrollment card issued by a State or federally recognized Indian 49 Tribe, a military identification card, or a passport showing the purchaser's age

to be at least the required age for purchase and bearing a physical description

of the person named on the card reasonably describing the purchaser.

50

- 2 3 4
- (2)
- 1
- 5 6 7 8
- 9 10
- 11 12 13
- 14 15 16
- 17 18 19 20

22 23 24

25 26 27

29 30 31

28

33 34 35

36

37 38

32

> 44 45 46

43

47 48

- 49
- 50

- Produces evidence of other facts that reasonably indicated at the time of sale that the purchaser was at least the required age.
- Shows that at the time of purchase, the purchaser utilized a biometric <u>(3)</u> identification system that demonstrated (i) the purchaser's age to be at least the required age for the purchase and (ii) the purchaser had previously registered with the retail dealer or retail dealer's agent a drivers license, a special identification card issued under G.S. 20-37.7 or issued by the state agency of any other state authorized to issue similar official state special identification cards for that state, a military identification card, or a passport showing the purchaser's date of birth and bearing a physical description of the person named on the document.
- Proceeds of Civil Penalty. The clear proceeds of any civil penalty imposed under (f) this section, including any penalty received as an offer in compromise, shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- Forfeiture. Any product sold in violation of subdivision (4) of subsection (a) of this section shall be subject to forfeiture pursuant to the procedures set forth in G.S. 18D-301.
- Criminal Penalty. Any person against whom a civil penalty has been imposed for violation of subdivision (3) of subsection (a) of this section who commits a second violation of subdivision (3) of subsection (a) of this section is guilty of a Class A1 misdemeanor. Any person who commits a third or subsequent violation of subdivision (3) of subsection (a) of this section is guilty of a Class H felony.

"§ 18D-101A. Sales and transfer restrictions on a producer.

- Restriction. A producer shall not knowingly sell or in any way transfer hemp that has been processed or prepared with the intent to be used in a hemp-derived consumable product to any person or entity other than a manufacturer licensed pursuant to this Chapter.
 - (b) Civil Penalties. – Violation of this section shall have the following penalties:
 - For the first violation, the ALE Division may impose a civil penalty of no (1) more than five hundred dollars (\$500.00).
 - For the second violation within three years, the ALE Division may impose a <u>(2)</u> civil penalty of no more than seven hundred fifty dollars (\$750.00).
 - For the third violation within three years of the first violation, the ALE <u>(3)</u> Division shall impose a civil penalty of no more than one thousand dollars (\$1,000).
 - <u>(4)</u> For a fourth or subsequent violation within three years of the first violation, the ALE Division shall impose a civil penalty of no more than two thousand dollars (\$2,000).
- Proceeds of Civil Penalty. The clear proceeds of any civil penalty imposed under this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- <u>Criminal Penalty. Any person</u> against whom a civil penalty has been imposed for violation of this section who commits a second violation of this section is guilty of a Class A1 misdemeanor. Any person who commits a third or subsequent violation of this section is guilty of a Class H felony.
- Applicability of this Section. Nothing in this section shall be construed as prohibiting a producer from selling or transferring hemp that is intended to be used in any lawful product other than those regulated by this Chapter.
- "§ 18D-102. Offenses involving the purchase, attempted purchase, or possession of hemp-derived consumable products by a person under 21 years of age.
- It is unlawful for any person to give a hemp-derived consumable product to anyone (a) less than 21 years old.

- (b) It is unlawful for a person less than 21 years old to possess, purchase, or attempt to purchase a hemp-derived consumable product.
- (c) It is unlawful for any person to enter or attempt to enter a place where hemp-derived consumable products are sold or consumed, or to obtain or attempt to obtain hemp-derived consumable products, or to obtain or attempt to obtain permission to purchase hemp-derived consumable products, in violation of subsection (b) of this section, by using or attempting to use any of the following:
 - (1) A fraudulent or altered drivers license.
 - (2) A fraudulent or altered identification document other than a drivers license.
 - (3) A drivers license issued to another person.
 - (4) An identification document other than a drivers license issued to another person.
 - (5) Any other form or means of identification that indicates or symbolizes that the person is not prohibited from purchasing or possessing a hemp-derived consumable product under this section.
- (d) It is unlawful for any person to permit the use of the person's drivers license or any other form of identification of any kind issued or given to the person by any other person who violates or attempts to violate subsection (b) of this section.
 - (e) <u>Penalties.</u>
 - (1) Any person less than 21 years old who violates this section is guilty of a Class 2 misdemeanor.
 - (2) Any person at least 21 years old who violates this section is guilty of a Class 1 misdemeanor.
 - (3) Aiding or abetting a violation of this section shall be punished as provided in subdivisions (1) and (2) of this subsection, and all other provisions of this section shall apply to that offense.
- (f) Nothing in this section prohibits an underage person from selling, transporting, or possessing hemp-derived consumable products in the course of employment, if the employment of the person for that purpose is lawful under applicable youth employment statutes.

"§ 18D-103. Offenses involving the manufacture and distribution of hemp-derived consumable products.

- (a) Offenses. It is unlawful for a manufacturer or distributor to do any of the following:
 - (1) Knowingly, or having reason to know, distribute samples of a hemp-derived consumable product in or on a public street, sidewalk, park, or public building.
 - (2) Engage in the business of manufacturing or distributing a hemp-derived consumable product without a valid license issued in accordance with this Chapter.
 - (3) Knowingly, or having reason to know, manufacture or distribute a hemp-derived consumable product that has a concentration of more than three-tenths of one percent (0.3%) on a dry weight basis of delta-9 tetrahydrocannabinol.
- (b) Criminal Penalties. A violation of this section is a Class A1 misdemeanor.
- (c) <u>Civil Penalties. In addition to any criminal punishment authorized by this section, for any violation of this section the ALE Division shall take one or more of the following actions against the licensee:</u>
 - (1) Suspend the licensee's license for a specified period of time not longer than three years.
 - (2) Revoke the licensee's license.
 - (3) Impose conditions on the operating hours of the licensee's business.
- 50 (4) Impose civil penalties as follows:

For a first violation, impose a civil penalty of no more than one a. thousand dollars (\$1,000).

4

1

For a second violation within three years, impose a civil penalty of no <u>b.</u> more than five thousand dollars (\$5,000).

5 6 7

For a third violation within three years of the first violation, impose a <u>c.</u> civil penalty of no more than seven thousand five hundred dollars (\$7,500).

8 9 10

11

Compromise. – In any case in which the ALE Division is entitled to suspend or revoke a manufacturer's or distributor's license, the ALE Division may accept from the manufacturer or distributor an offer in compromise to pay a penalty of not more than eight thousand dollars (\$8,000). The ALE Division may either accept a compromise or revoke a license, but not both. The ALE Division may accept a compromise and suspend the license in the same case.

12 13 14

Testing Fee. – In any case in which the ALE Division imposes a penalty pursuant to subsection (b) of this section, for a violation of subdivision (3) of subsection (a) of this section, the manufacturer or distributor shall also pay to the ALE Division the actual costs paid by the ALE Division for testing of the samples resulting in the violation. Any fee collected pursuant to this subsection shall be remitted to the ALE Division.

17 18 19

15 16

> Proceeds of Civil Penalty. – The clear proceeds of any civil penalty imposed under (f) this section, including any penalty received as an offer in compromise, shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

21 22

20

Defense. – It is a defense to a violation of subdivision (3) of subsection (a) of this section if the manufacturer does all of the following: Recalls all hemp-derived consumable products from the same batch as the

23 24 25

26

27

product on which the violation is based. Has samples of the batch tested by an independent testing laboratory. The **(2)** sample size required for testing pursuant to this subdivision shall be five times the number of units required pursuant to G.S. 18D-104(e) based on the size of the batch at production, regardless of the number of units that are able to be

28 29 30

Provides certified results from the independent testing laboratory indicating (3) that the sample tested does not contain a concentration of more than three-tenths of one percent (0.3%) on a dry weight basis total combined of delta-9 tetrahydrocannabinol.

32 33

31

Forfeiture. – Any product sold in violation of subdivision (3) of subsection (a) of this section shall be subject to forfeiture pursuant to the procedures set forth in G.S. 18D-301.

34 35 36

37 38

"§ 18D-104. Testing prior to distribution.

recalled.

<u>(1)</u>

Requirement. – The manufacturer shall have a hemp-derived consumable product tested prior to distribution to a distributor or before distributing the product to a retail dealer. If the hemp-derived consumable product is packaged in a manner that may be sold to the ultimate consumer of the product when delivered to the distributor and the distributor does not open such package, the distributor is not required to test the hemp-derived consumable product. If the hemp-derived consumable product is not packaged in a manner that may be sold to the ultimate consumer of the product when delivered to the distributor or the distributor does open such package, the distributor shall have the hemp-derived consumable product tested prior to distribution. The testing shall determine the presence and amounts of any of the substances listed in subsection (b) of this section. No product that contains more than the maximum amount indicated for any substance in subsection (b) of this section shall be distributed or sold in this State.

47 48 49

50

51

46

Substances Tested; Limitations. – Hemp-derived consumable products shall be tested for the presence of and amount of the following substances and shall not exceed the amounts indicated:

1

2

3

4

5

6

7

8

9

10 11

12 13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

39

40

41

42

43

44

45

46

47

48

49

50

- Propiconazole, not to exceed 1,000 parts per billion for ingestion or 100 parts (57) per billion for inhalation.
- Propoxur, not to exceed 100 parts per billion for ingestion or inhalation. (58)
- (59)Pyrethrins, not to exceed 1,000 parts per billion for ingestion or 500 parts per billion for inhalation.
- Pyridaben, not to exceed 3,000 parts per billion for ingestion or 200 parts per (60)billion for inhalation.
- <u>(61)</u> Spinetoram, not to exceed 3,000 parts per billion for ingestion or 200 parts per billion for inhalation.

- Aspergillus niger, Aspergillus fumigatus, Aspergillus flavus, Aspergillus (97)terreus, not to exceed 1 CFU per gram.
- Total Aflatoxin (B1, B2, G1, G2), not to exceed 20 parts per billion for 49 (98)50 ingestion or inhalation. 51
 - Ochratoxin, not to exceed 20 parts per billion for ingestion or inhalation. (99)

products.

1 Packaging Requirements. – A hemp-derived consumable product that is sold in this (a) 2 State shall meet both of the following requirements: 3 The product shall satisfy the child-resistant effectiveness standards under 16 (1) 4 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirements of 16 5 C.F.R. § 1700.20. 6 The product shall be labeled with consumer protection warnings in the form <u>(2)</u> 7 of statements that cover all of the following: 8 A list of ingredients and possible allergens and a nutritional fact panel <u>a.</u> 9 or have a quick response code that can be scanned that directs 10 consumers to a website containing the list of ingredients and possible 11 allergens and a nutritional fact panel. A statement that use while pregnant or breastfeeding may be harmful. 12 <u>b.</u> 13 A statement that consumption of certain cannabinoids may impair <u>c.</u> 14 your ability to drive and operate heavy machinery. 15 <u>d.</u> A statement that the product is not approved by the United States Food and Drug Administration. 16 17 A statement to keep out of reach of children. <u>e.</u> <u>f.</u> 18 A statement to consult your physician before use. 19 If the product is ingestible, the amount of hemp-derived cannabinoid g. 20 in each serving of the product, measured in milligrams. 21 <u>h.</u> The total amount of hemp-derived cannabinoid in the entire package, 22 measured in milligrams. 23 The net weight of the product. <u>i.</u> 24 į. A quick response code that can be scanned to access a website 25 providing the product's batch number, date received, date of 26 completion, and method of analysis for the testing required under 27 G.S. 18D-106. 28 An expiration date in accordance with applicable federal law. <u>k.</u> 29 Advertising Restrictions. - A manufacturer, distributor, or retail dealer of a 30 hemp-derived consumable product shall not advertise, market, or offer for sale the product by 31 using, in the labeling or design of the product or product packaging or in advertising or marketing 32 materials for the product trade dress, trademarks, branding, or other related materials, any 33 imagery or scenery that depicts or signifies characters or symbols known to appeal primarily to 34 persons under 21 years of age, including, but not limited to, superheroes, comic book characters, 35 video game characters, television show characters, movie characters, mythical creatures, 36 unicorns, animals, cartoon characters, or any imitation of the packaging or labeling of candy, 37 cereals, sweets, chips, or other food products typically marketed to persons under 21 years of 38 age. 39 Non-Liquid Ingestible Product Restrictions. - Any hemp-derived consumable (c) 40 product intended for ingestion that is not a liquid and not intended for inhalation shall not do any 41 of the following: 42 Be sold in a serving that contains more than 25 milligrams, in the aggregate, (1) 43 of one or more of the following hemp-derived cannabinoids: 44 Delta-9 tetrahydrocannabinol. a. 45 Delta-7 tetrahydrocannabinol. <u>b.</u> 46 Delta-8 tetrahydrocannabinol. c. 47 Delta-10 tetrahydrocannabinol. 48 Be formed in a shape that would violate subsection (b) of this section. (2) 49 Liquid Ingestible Product Restrictions. – Any hemp-derived consumable product

intended for ingestion that is a liquid and not intended for inhalation shall not be sold in a serving

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46

47

48

49

50

51

that contains more than 10 milligrams, or a package that contains more than 100 milligrams, in the aggregate, of one or more of the following hemp-derived cannabinoids:

- (1) Delta-9 tetrahydrocannabinol.
- (2) Delta-7 tetrahydrocannabinol.
- (3) <u>Delta-8 tetrahydrocannabinol.</u>
- (4) Delta-10 tetrahydrocannabinol.
- (c2) <u>Inhalable Product for Vaporization Restrictions.</u> Any hemp-derived consumable product intended for inhalation by vaporization shall not be sold in a container that contains more than 3 milliliters of hemp-derived cannabinoids, in the aggregate, of one or more of the following hemp-derived cannabinoids:
 - (1) Delta-9 tetrahydrocannabinol.
 - (2) <u>Delta-7 tetrahydrocannabinol.</u>
 - (3) Delta-8 tetrahydrocannabinol.
 - (4) Delta-10 tetrahydrocannabinol.

For the purposes of this subsection "vaporization" includes the heating of hemp-derived oil to release aerosolized hemp-derived cannabinoids.

- (d) <u>Civil Penalties. A violation of this section shall result in the ALE Division taking one or more of the following actions against the licensee:</u>
 - (1) Suspend the licensee's license for a specified period of time not longer than three years.
 - (2) Revoke the licensee's license.
 - (3) Impose conditions on the operating hours of the licensee's business.
 - (4) Impose civil penalties as follows:
 - a. For a first violation, impose a civil penalty of no more than one thousand dollars (\$1,000).
 - <u>b.</u> <u>For a second violation within three years, impose a civil penalty of no</u> more than five thousand dollars (\$5,000).
 - c. For a third violation within three years of the first violation, impose a civil penalty of no more than seven thousand five hundred dollars (\$7,500).
- (e) Compromise. In any case in which the ALE Division is entitled to suspend or revoke a manufacturer's or distributor's license, the ALE Division may accept from the manufacturer or distributor an offer in compromise to pay a penalty of not more than eight thousand dollars (\$8,000). The ALE Division may either accept a compromise or revoke a license, but not both. The ALE Division may accept a compromise and suspend the license in the same case.
- (f) Proceeds of Civil Penalty. The clear proceeds of any civil penalty imposed under this section, including any penalty received as an offer in compromise, shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

"§ 18D-105.1. Conduct on licensed premises.

- (a) <u>Certain Conduct. It shall be unlawful for a licensee or the licensee's agent or employee to knowingly allow any of the following kinds of conduct to occur on the licensed premises:</u>
 - (1) Any violation of this Chapter.
 - (2) Any violation of the controlled substances, gambling, or any other unlawful acts.
- (b) Supervision. It shall be unlawful for a permittee to fail to superintend in person or through a manager the business for which a license is issued.

"§ 18D-105.2. Safe harbor protection for goods not sold in State.

- (a) This Chapter shall not apply to the following:
 - (1) A safe harbor hemp product.
 - (2) A safe harbor manufacturer or storage facility.

- (b) For the purposes of this section, a "Safe Harbor Hemp Product" means a hemp-derived compound or cannabinoid, whether a finished product or in the process of being produced, that is permitted to be manufactured for distribution, produced for distribution, packaged for distribution, processed for distribution, prepared for distribution, treated for distribution, transported for distribution, or held for distribution in North Carolina for export from North Carolina but that is not permitted to be sold or distributed in North Carolina.
- (c) For the purposes of this section, a "Safe Harbor Manufacturer or Storage Facility" means a facility that manufactures for distribution, produces for distribution, processes for distribution a Safe Harbor Hemp Product.

"§ 18D-106. Construction of Chapter.

Nothing in this Chapter shall be construed to do any of the following:

- (1) Permit a person to undertake any task under the influence of a hemp-derived consumable product when doing so would constitute negligence or professional malpractice.
- (2) Permit a person to operate, navigate, or be in actual physical control of a motor vehicle, aircraft, motorized watercraft, or any other vehicle while under the influence of a hemp-derived consumable product.
- (3) Require an employer to accommodate the use of a hemp-derived consumable product in a workplace or an employee working while under the influence of a hemp-derived consumable product.
- (4) Require an individual or establishment in lawful possession of property to admit a guest, client, customer, or other visitor who is impaired as a result of the person's use of a hemp-derived consumable product.
- (5) Exempt a person from prosecution for a criminal offense related to impairment or intoxication resulting from the use of a hemp-derived consumable product or relieve a person from any requirement under law to submit to a breath, blood, urine, or other test to detect the presence of a controlled substance.
- (6) <u>Limit the ability of an employer to establish, continue, or enforce a drug-free</u> workplace program or policy.
- (7) Create a cause of action against an employer for wrongful discharge or discrimination.
- (8) Allow the possession, sale, manufacture, or distribution of any substance that is otherwise prohibited by Article 5 of Chapter 90 of the General Statutes.

"Article 2. "Licensing.

"§ 18D-200. Definitions.

The definitions contained in Article 1 of this Chapter apply to this Article as appropriate.

"§ 18D-201. Licensing requirements; qualifications; duration.

- (a) Requirement. Prior to the commencement of business or by July 1, 2026, whichever is later, a person or entity engaged in this State in any business regulated by this Chapter and listed in this subsection shall obtain a license to engage in that business from the ALE Division. Businesses engaging in one or more of the following are required to obtain a license pursuant to this section:
 - (1) Manufacturing hemp-derived consumable products.
 - (2) Distributing hemp-derived consumable products.
 - (3) Selling hemp-derived consumable products.
- (b) Qualifications. In order to obtain and maintain a license under subsection (a) of this section, a person shall meet all of the following criteria:
 - (1) Be at least 21 years old.

- **General Assembly Of North Carolina** 1 Submit to the ALE Division any information determined by the ALE Division (2) 2 to be necessary for the efficient enforcement of this Chapter. 3 Have not been convicted of a felony relating to a controlled substance within <u>(3)</u> 4 10 years in any state or federal jurisdiction. 5 Consent to reasonable inspection by the ALE Division of the inventory of **(4)** 6 products regulated by this Chapter to ensure compliance with this Chapter and 7 the taking of samples found to not be in compliance with the packaging, 8 labeling, and testing requirements of this section. 9 Be current in filing all applicable tax returns to the State and in payment of all <u>(5)</u> 10 taxes, interest, and penalties collectable pursuant to G.S. 105-241.22. 11 Single License Required. – A person or entity engaged in more than one of the businesses listed in subsection (a) of this section shall only be required to obtain a single license. 12 13 Upon application for a license, the person or entity engaged in more than one type of business 14 regulated by this Chapter must indicate on the license application all of the businesses listed in 15 subsection (a) of this section in which the business engages or intends to engage. A person or 16 entity applying for a license for more than one type of business listed in subsection (a) of this 17 section shall pay a single fee as provided in G.S. 18D-202(c). 18 (d) <u>Duration.</u> – A license issued pursuant to this Article is valid for a period of one year 19 and shall be renewed annually. 20 "§ 18D-202. Fees. 21 Application Fee. – The application fee for a license required pursuant to this Article (a) 22 shall be as follows: 23 For a license to manufacture hemp-derived consumable products, a fee of <u>(1)</u> 24 fifteen thousand dollars (\$15,000). However, if an applicant submits proof that 25 the applicant's gross income for the calendar year prior to application was less 26 than one hundred thousand dollars (\$100,000), the fee shall be one thousand 27 dollars (\$1,000). 28 <u>(2)</u> For a license to distribute hemp-derived consumable products, a fee of two 29 thousand five hundred dollars (\$2,500). However, if an applicant submits 30 proof that the applicant's gross income for the calendar year prior to 31 application was less than one hundred thousand dollars (\$100,000), the fee 32 shall be seven hundred fifty dollars (\$750.00). 33 For a license to sell hemp-derived consumable products at a retail location, or <u>(3)</u> 34 online for delivery to a person within this State, a fee of two hundred fifty 35 dollars (\$250.00) for each location or each internet website offering delivery 36 in this State. However, a single entity with more than 25 locations, internet 37 websites offering delivery in this State, or a combination of the two shall not 38 pay more than five thousand dollars (\$5,000) and shall submit a list of all 39 locations and all internet websites offering delivery in this State to the ALE 40 Division. 41 Renewal Fee. – The renewal fee for a license issued pursuant to this Article shall be (b) 42 as follows: 43 For a license to manufacture hemp-derived consumable products, a renewal <u>(1)</u> 44 fee of five thousand dollars (\$5,000). 45
 - - For a license to distribute hemp-derived consumable products, a renewal fee <u>(2)</u> of seven hundred fifty dollars (\$750.00).
 - For a license to sell hemp-derived consumable products at a retail location or **(3)** online for delivery to a person within this State, a renewal fee in the same amount as the initial licensing fees established under subsection (a) of this section.

47

48

49

5

6

7

8

9

10

11

12

13

14

15

16

17

18 19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

3738

39

40

41 42

43

44

45 46

47

48

49

50

51

(c) For an application for or renewal of a license to engage in more than one business listed in subsection (a) of G.S. 18D-201, the fee shall be the highest fee of those prescribed for the types of business indicated on the application or renewal, as applied to that applicant or licensee.

"§ 18D-203. ALE Division authority to deny or revoke.

The ALE Division may revoke or refuse to issue any license for any of the following:

- (1) Failure to comply with or meet any of the qualifications required by G.S. 18D-201(b).
- (2) <u>Submission of false or misleading information in an application for licensure</u> or renewal.
- (3) Submission of false or misleading information in any report or information required by this Chapter to be submitted to the ALE Division.
- (4) Failure to comply with civil penalties authorized by this Chapter.

"§ 18D-204. Civil penalties; procedure.

Proceedings for the assessment of civil penalties authorized in Article 1 of this Chapter shall be governed by Chapter 150B of the General Statutes. If the person or entity assessed a civil penalty fails to pay the penalty to the ALE Division, the ALE Division may institute an action in the superior court of the county in which the person resides or has their principal place of business to recover the unpaid amount of the penalty. An action to recover a civil penalty under this Chapter shall not relieve any party from any other penalty prescribed by law.

"§ 18D-205. ALE Division to develop application, adopt rules, remit revenue.

- (a) <u>License Application. The ALE Division shall develop and make available online an application for the license required by this Article.</u>
- (b) Rules. The ALE Division shall have authority to adopt, amend, and repeal rules to carry out the provisions of this Chapter.
- (c) <u>Distribution of Revenue.</u> The revenue collected from fees established under this Chapter shall be remitted to the ALE Division, on a monthly basis, to be used to cover costs incurred by the ALE Division in enforcing the provisions of this Chapter. To the extent the funds described in this subsection are deemed unappropriated, the funds are hereby appropriated for the purpose set forth in this subsection.

"Article 3.
"Enforcement.

"§ 18D-300. ALE Division.

- Authority. The ALE Division shall enforce the provisions of this Chapter in a manner that is reasonable to reduce the extent to which hemp-derived consumable products are sold or distributed to persons under 21 years of age and shall conduct random, unannounced inspections at locations where hemp-derived consumable products are sold or distributed to ensure compliance with the provisions of this Chapter. If, upon reasonable inspection, the ALE Division determines a licensee's inventory may consist of products not in compliance with the packaging, labeling, and testing requirements of this Chapter, the ALE Division is authorized to only take samples of a licensee's inventory of hemp-derived consumable products considered noncompliant to be submitted for testing in order to determine compliance with the provisions of this Chapter. To procure evidence of violations of this Chapter, ALE Division agents shall have authority to investigate the operation of each licensee under this Chapter and each licensed premises for which a license has been issued under this Chapter, to make inspections that include viewing the entire premises, including the examination of records, equipment, and proceeds related to the manufacture or distribution of hemp-derived consumable products. The inspection authorized by this section may be made at any time it reasonably appears that someone is on the premises.
- (b) <u>Interference with Inspection. Refusal by a licensee or by any employee of a licensee</u> to permit ALE Division agents to enter the premises to make an inspection authorized by

subsection (a) of this section shall be cause for suspension, revocation, or other action against the licensee. It shall be a Class 2 misdemeanor for any person to resist or obstruct an agent attempting to make a lawful inspection under this section.

(c) Report. – Beginning January 1, 2027, the ALE Division shall submit an annual report to the General Assembly describing in detail the ALE Division's enforcement efforts under this Chapter. The ALE Division shall also make the report required under this subsection available on the ALE Division's website.

"§ 18D-301. Forfeiture of property.

- (a) Seizure of Product. For any hemp-derived consumable product subject to forfeiture, a law enforcement officer is hereby authorized and empowered to seize and take possession of such products.
- (b) <u>Custody until Trial. A law enforcement officer seizing a product subject to forfeiture</u> shall provide for its safe storage until trial.
- (c) <u>Disposition after Criminal Trial. The presiding judge in a criminal proceeding for violation of G.S. 18D-103(a)(3) may take the following actions after resolution of a charge against the owner or possessor of products subject to forfeiture under this section:</u>
 - (1) If the owner or possessor of the product is found guilty of a violation of G.S. 18D-103(a)(3), the judge shall order the product forfeited.
 - (2) If the owner or possessor of the product is found not guilty, or if the charge is dismissed or otherwise resolved in favor of the owner or possessor, the judge shall order the product returned to the owner or possessor.
 - (3) If the product is also needed as evidence at an administrative hearing, the judge shall provide that the order does not go into effect until the ALE Division determines that the product is no longer needed for the administrative proceeding.
- (d) <u>Disposition after Civil Forfeiture Proceeding. Violations of G.S. 18D-101(a)(4)</u> shall be subject to forfeiture under the procedure set forth in G.S. 75D-5.
- (e) <u>Disposition of Forfeited Product. Notwithstanding G.S. 75D-5(j)</u>, a judge ordering forfeiture of property shall order the product destroyed.
- (f) Return of Property. Any owner of products seized for forfeiture may apply to a judge to have the products returned to the owner if no criminal charge has been made or no action for civil forfeiture has been commenced in connection with that product within a reasonable time after seizure. The judge may not order the return of the product if possession by the owner would be unlawful."

SECTION 1.(b) G.S. 18B-500(b) reads as rewritten:

- "(b) Subject Matter Jurisdiction. After taking the oath prescribed for a peace officer, an alcohol law-enforcement agent shall have authority to arrest and take other investigatory and enforcement actions for any criminal offense:
 - (1) Occurring, encountered, or otherwise discovered on the premises of, or elsewhere when the conduct relates to, a location under application for or holding a permit issued by the North Carolina Alcoholic Beverage Control Commission or the North Carolina Education Lottery Commission.
 - (1a) Occurring, encountered, or otherwise discovered on the premises of, or elsewhere when the conduct relates to, a location holding a license issued pursuant to Chapter 18D of the General Statutes.
 - (2) Encountered or otherwise discovered while investigating or enforcing matters for the North Carolina Alcoholic Beverage Control Commission or the North Carolina Education Lottery Commission or encountered or otherwise discovered while investigating or enforcing the provisions of this Chapter, Chapter 18C of the General Statutes, Chapter 18D of the General Statutes,

G.S. 14-313, or Parts 1 and 2 of Article 37 of Chapter 14 of the General Statutes.

- 3 4
- (3) Encountered or otherwise discovered while carrying out any duty or function assigned to the Division by law.
- 5 6
- Occurring in an agent's presence. (4)

When assisting another law enforcement agency." (5) **SECTION 1.(c)** G.S. 7A-304(a) reads as rewritten:

7 8

9

10 11

12 13

14

15

16

17

18 19

In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or costs without providing notice and opportunity to be heard by all government entities directly affected. The court shall provide notice to the government entities directly affected of (i) the date and time of the hearing and (ii) the right to be heard and make an objection to the remission or waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be made to the government entities affected by first-class mail to the address provided for receipt of court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

20 21 22

23 24 25

30 31

32 33 34

35 36

37

38

(14)

For the services of any laboratory facility, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the Alcohol Law Enforcement Division of the Department of Public Safety (ALE Division) or agency that paid for the laboratory services. The cost shall be assessed only in cases in which (i) the defendant is convicted of a violation of G.S. 18D-103(a)(3) and (ii) as part of the investigation leading to the defendant's conviction, testing was conducted at a laboratory on products regulated under Chapter 18D of the General Statutes."

SECTION 1.(d) This section becomes effective July 1, 2026, and applies to all hemp-derived consumable products possessed, sold, distributed, or manufactured on or after that date, and to all offenses committed on or after that date.

SECTION 2.(a) G.S. 90-94.1 is repealed.

SECTION 2.(b) This section becomes effective December 1, 2025, and applies to offenses committed on or after that date.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.