

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 563
Committee Substitute Favorable 6/21/23
Committee Substitute #2 Favorable 8/16/23
Committee Substitute #3 Favorable 9/21/23
Senate Judiciary Committee Substitute Adopted 6/13/24
Senate Finance Committee Substitute Adopted 6/18/24

Short Title: Hemp-Derived Consumables/Con Sub Changes.

(Public)

Sponsors:

Referred to:

April 5, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO REGULATE THE SALE AND DISTRIBUTION OF HEMP-DERIVED
3 CONSUMABLE PRODUCTS, TO IMPOSE AN EXCISE TAX ON THOSE PRODUCTS,
4 TO BAN THOSE PRODUCTS FROM SCHOOL GROUNDS, TO PLACE TIANEPTINE,
5 XYLAZINE, AND KRATOM ON THE CONTROLLED SUBSTANCE SCHEDULES, TO
6 CREATE THE OFFENSE OF CRIMINAL POSSESSION AND UNLAWFUL SALE OF
7 EMBALMING FLUID AND TO MAKE OTHER TECHNICAL REVISIONS, AND TO
8 CREATE NEW CRIMINAL OFFENSES FOR EXPOSING A CHILD TO A
9 CONTROLLED SUBSTANCE.

10 The General Assembly of North Carolina enacts:

11
12 **PART I. REGULATION OF HEMP-DERIVED CONSUMABLE PRODUCTS**

13 **SECTION 1.(a)** The General Statutes are amended by adding a new Chapter to read:

14 **"Chapter 18D.**

15 **"Regulation of Hemp-Derived Consumable Products.**

16 **"Article 1.**

17 **"Regulation of Hemp-Derived Consumable Products.**

18 **"§ 18D-100. Definitions.**

19 Unless the context requires otherwise, the following definitions apply in this Article:

- 20 (1) ALE Division. – As defined in G.S. 18B-101.
21 (2) Batch. – The hemp-derived consumable product produced during a period of
22 time under similar conditions and identified by a specific code that allows
23 traceability.
24 (3) Department. – The Department of Revenue.
25 (4) Distributor. – A person or entity that delivers or sells hemp-derived
26 consumable products for the purpose of distribution in commerce.
27 (4a) Exit package. – An opaque bag or other similar opaque covering provided at
28 the point of sale that satisfies the child-resistant effectiveness standards under
29 16 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirements
30 of 16 C.F.R. § 1700.20 in which hemp-derived consumable products are
31 placed by a seller after being sold to the ultimate consumer of the product.
32 (5) Hemp. – As defined in G.S. 90-87.



- 1 (6) Hemp-derived cannabinoid. – Any phytocannabinoid found in hemp,
2 including delta-9 tetrahydrocannabinol (delta-9 THC), tetrahydrocannabinolic
3 acid (THCA), cannabidiol (CBD), cannabidiolic acid (CBDA), cannabinol
4 (CBN), cannabigerol (CBG), cannabichromene (CBC), cannabicyclol (CBL),
5 cannabivarin (CBV), tetrahydrocannabivarin (THCV), cannabidivarin
6 (CBDV), cannabicitran (CBT), delta-7 tetrahydrocannabinol (delta-7 THC),
7 delta-8 tetrahydrocannabinol (delta-8 THC), or delta-10 tetrahydrocannabinol
8 (delta-10 THC). This term also includes any synthetic cannabinoid derived
9 from hemp and contained in a hemp-derived consumable product.
- 10 (7) Hemp-derived consumable product. – A hemp product that is a finished good
11 intended for human ingestion or inhalation that contains a delta-9 THC
12 concentration of not more than three-tenths of one percent (0.3%) on a dry
13 weight basis, but may contain concentrations of other hemp-derived
14 cannabinoids, in excess of that amount. This term does not include hemp
15 products intended for topical application, or seeds or seed derived ingredients
16 that are generally recognized as safe by the United States Food and Drug
17 Administration (FDA).
- 18 (8) Hemp product. – As defined in G.S. 90-87.
- 19 (9) Independent testing laboratory. – A laboratory that meets all of the following
20 conditions:
- 21 a. Holds an ISO 17025 accreditation or is registered with the Drug
22 Enforcement Administration (DEA) in accordance with 21 C.F.R. §
23 1301.13.
- 24 b. Does not have a direct or indirect interest in the entity whose product
25 is being tested.
- 26 c. Does not have a direct or indirect interest in a facility that cultivates,
27 processes, distributes, dispenses, or sells hemp-derived consumable
28 products in this State or any other jurisdiction.
- 29 d. Has entered into a compliance agreement with the ALE Division to
30 conduct tetrahydrocannabinol concentration sampling and testing
31 using the high-performance chromatography (HPLC) testing method.
- 32 (10) Ingestion. – The process of consuming hemp through the mouth, by
33 swallowing into the gastrointestinal system or through tissue absorption.
- 34 (11) Inhalation. – The process of consuming hemp into the respiratory system
35 through the mouth or nasal passages.
- 36 (12) License. – A license issued in accordance with this Chapter.
- 37 (13) Manufacture. – To compound, blend, extract, infuse, cook, or otherwise
38 manipulate hemp or a hemp-derived cannabinoid to make, prepare, or package
39 hemp-derived consumable products.
- 40 (14) Manufacturer. – Any person or entity that engages in the process of
41 manufacturing, preparing, or packaging of hemp-derived consumable
42 products.
- 43 (14a) Producer. – Any person or entity that engages in the process of farming and
44 harvesting hemp that is intended to be used in the manufacture of a
45 hemp-derived consumable product.
- 46 (15) Seller. – Any person who sells a hemp-derived consumable product to the
47 ultimate consumer of the product, including an online seller.
- 48 (16) Serving. – A quantity of a hemp-derived consumable product reasonably
49 suitable for a person's use in a single day.

50 **"§ 18D-101. Sales restrictions on hemp-derived consumable products.**

- 51 (a) Restrictions. – No person shall do any of the following:

- 1 (1) Knowingly, or having reason to know, sell a hemp-derived consumable
2 product to a person who is under 21 years of age.
- 3 (2) Knowingly, or having reason to know, distribute samples of hemp-derived
4 consumable products in or on a public street, sidewalk, or park.
- 5 (3) Engage in the business of selling a hemp-derived consumable product without
6 a valid license issued in accordance with this Chapter.
- 7 (4) Knowingly, or having reason to know, sell at retail a hemp-derived
8 consumable product that has a concentration of more than three-tenths of one
9 percent (0.3%) on a dry weight basis total combined of delta-9
10 tetrahydrocannabinol.
- 11 (5) Knowingly, or having reason to know, sell a hemp-derived consumable
12 product that is not contained in an exit package.
- 13 (6) Knowingly, or having reason to know, sell at retail or on an internet website
14 offering delivery in this State, a hemp-derived consumable product that is not
15 in compliance with G.S. 18D-105.
- 16 (7) Knowingly, or having reason to know, sell at retail hemp flower or a product
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 (1) For the first violation the Department may impose a civil penalty of no more
24 than five hundred dollars (\$500.00).
- 25 (2) For the second violation within three years, the Department may impose a
26 civil penalty of no more than seven hundred fifty dollars (\$750.00).
- 27 (3) For the third violation within three years of the first violation, the Department
28 shall impose a civil penalty of no more than one thousand dollars (\$1,000) and
29 suspend the seller's license for one year.
- 30 (4) For a fourth or subsequent violation within three years of the first violation,
31 the Department shall impose a civil penalty of no more than two thousand
32 dollars (\$2,000) and revoke the seller's license.
- 33 (c) Compromise. – In any case in which the Department is entitled to suspend or revoke
34 a seller's license, the Department may accept from the seller an offer in compromise to pay a
35 penalty of not more than three thousand dollars (\$3,000). The Department may either accept a
36 compromise or revoke a license, but not both. The Department may accept a compromise and
37 suspend the license in the same case.
- 38 (d) Testing Fee. – In any case in which the Department 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 seller shall also pay to the Department the actual costs paid by the ALE Division for testing
41 of the samples resulting in the violation. Any fee collected pursuant to this subsection shall be
42 remitted to the ALE Division.
- 43 (e) Defenses. – It is a defense to a violation of subdivision (1) of subsection (a) of this
44 section if the seller does any of the following:
- 45 (1) Shows that the purchaser produced a drivers license, a special identification
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
50 to be at least the required age for purchase and bearing a physical description
51 of the person named on the card reasonably describing the purchaser.

1 (2) Produces evidence of other facts that reasonably indicated at the time of sale
2 that the purchaser was at least the required age.

3 (3) Shows that at the time of purchase, the purchaser utilized a biometric
4 identification system that demonstrated (i) the purchaser's age to be at least
5 the required age for the purchase and (ii) the purchaser had previously
6 registered with the seller or seller's agent a drivers license, a special
7 identification card issued under G.S. 20-37.7 or issued by the state agency of
8 any other state authorized to issue similar official state special identification
9 cards for that state, a military identification card, or a passport showing the
10 purchaser's date of birth and bearing a physical description of the person
11 named on the document.

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

15 (g) Forfeiture. – Any product sold in violation of subdivision (4) of subsection (a) of this
16 section shall be subject to forfeiture pursuant to the procedures set forth in G.S. 18D-401.

17 (h) Criminal Penalty. – Any person against whom a civil penalty has been imposed for
18 violation of subdivision (3) of subsection (a) of this section who commits a second violation of
19 subdivision (3) of subsection (a) of this section is guilty of a Class A1 misdemeanor. Any person
20 who commits a third or subsequent violation of subdivision (3) of subsection (a) of this section
21 is guilty of a Class H felony.

22 **"§ 18D-101A. Sales and transfer restrictions on a producer.**

23 (a) Restriction. – A producer shall not knowingly sell or in any way transfer hemp that
24 has been processed or prepared with the intent to be used in a hemp-derived consumable product
25 to any person or entity other than a manufacturer licensed pursuant to this Chapter.

26 (b) Civil Penalties. – Violation of this section shall have the following penalties:

27 (1) For the first violation, the Department may impose a civil penalty of no more
28 than five hundred dollars (\$500.00).

29 (2) For the second violation within three years, the Department may impose a
30 civil penalty of no more than seven hundred fifty dollars (\$750.00).

31 (3) For the third violation within three years of the first violation, the Department
32 shall impose a civil penalty of no more than one thousand dollars (\$1,000).

33 (4) For a fourth or subsequent violation within three years of the first violation,
34 the Department shall impose a civil penalty of no more than two thousand
35 dollars (\$2,000).

36 (c) Proceeds of Civil Penalty. – The clear proceeds of any civil penalty imposed under
37 this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with
38 G.S. 115C-457.2.

39 (d) Criminal Penalty. – Any person against whom a civil penalty has been imposed for
40 violation of this section who commits a second violation of this section is guilty of a Class A1
41 misdemeanor. Any person who commits a third or subsequent violation of this section is guilty
42 of a Class H felony.

43 (e) Applicability of this Section. – Nothing in this section shall be construed as
44 prohibiting a producer from selling or transferring hemp that is intended to be used in any lawful
45 product other than those regulated by this Chapter.

46 **"§ 18D-102. Offenses involving the purchase, attempted purchase, or possession of**
47 **hemp-derived consumable products by a person under 21 years of age.**

48 (a) It is unlawful for any person to give a hemp-derived consumable product to anyone
49 less than 21 years old.

50 (b) It is unlawful for a person less than 21 years old to possess, purchase, or attempt to
51 purchase a hemp-derived consumable product.

1 (c) It is unlawful for any person to enter or attempt to enter a place where hemp-derived
2 consumable products are sold or consumed, or to obtain or attempt to obtain hemp-derived
3 consumable products, or to obtain or attempt to obtain permission to purchase hemp-derived
4 consumable products, in violation of subsection (b) of this section, by using or attempting to use
5 any of the following:

6 (1) A fraudulent or altered drivers license.

7 (2) A fraudulent or altered identification document other than a drivers license.

8 (3) A drivers license issued to another person.

9 (4) An identification document other than a drivers license issued to another
10 person.

11 (5) Any other form or means of identification that indicates or symbolizes that the
12 person is not prohibited from purchasing or possessing a hemp-derived
13 consumable product under this section.

14 (d) It is unlawful for any person to permit the use of the person's drivers license or any
15 other form of identification of any kind issued or given to the person by any other person who
16 violates or attempts to violate subsection (b) of this section.

17 (e) Penalties. –

18 (1) Any person less than 21 years old who violates this section is guilty of a Class
19 2 misdemeanor.

20 (2) Any person at least 21 years old who violates this section is guilty of a Class
21 1 misdemeanor.

22 (3) Aiding or abetting a violation of this section shall be punished as provided in
23 subdivisions (1) and (2) of this subsection, and all other provisions of this
24 section shall apply to that offense.

25 (f) Nothing in this section prohibits an underage person from selling, transporting, or
26 possessing hemp-derived consumable products in the course of employment, if the employment
27 of the person for that purpose is lawful under applicable youth employment statutes.

28 **§ 18D-103. Offenses involving the manufacture and distribution of hemp-derived**
29 **consumable products.**

30 (a) Offenses. – It is unlawful for a manufacturer or distributor to do any of the following:

31 (1) Knowingly, or having reason to know, distribute samples of a hemp-derived
32 consumable product in or on a public street, sidewalk, or park.

33 (2) Engage in the business of manufacturing or distributing a hemp-derived
34 consumable product without a valid license issued in accordance with this
35 Chapter.

36 (3) Knowingly, or having reason to know, manufacture or distribute a
37 hemp-derived consumable product that has a concentration of more than
38 three-tenths of one percent (0.3%) on a dry weight basis total combined of
39 delta-9 tetrahydrocannabinol.

40 (b) Criminal Penalties. – A violation of this section is a Class A1 misdemeanor.

41 (c) Civil Penalties. – In addition to any criminal punishment authorized by this section,
42 for any violation of this section the Department shall take one or more of the following actions
43 against the licensee:

44 (1) Suspend the licensee's license for a specified period of time not longer than
45 three years.

46 (2) Revoke the licensee's license.

47 (3) Impose conditions on the operating hours of the licensee's business.

48 (4) Impose civil penalties as follows:

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

- 1 b. For a second violation within three years, impose a civil penalty of no
2 more than five thousand dollars (\$5,000).
- 3 c. For a third violation within three years of the first violation, impose a
4 civil penalty of no more than seven thousand five hundred dollars
5 (\$7,500).
- 6 (d) Compromise. – In any case in which the Department is entitled to suspend or revoke
7 a manufacturer's or distributor's license, the Department may accept from the manufacturer or
8 distributor an offer in compromise to pay a penalty of not more than eight thousand dollars
9 (\$8,000). The Department may either accept a compromise or revoke a license, but not both. The
10 Department may accept a compromise and suspend the license in the same case.
- 11 (e) Testing Fee. – In any case in which the Department imposes a penalty pursuant to
12 subsection (b) of this section, for a violation of subdivision (3) of subsection (a) of this section,
13 the manufacturer or distributor shall also pay to the Department the actual costs paid by the
14 Department or the ALE Division for testing of the samples resulting in the violation. Any fee
15 collected pursuant to this subsection shall be remitted to the ALE Division.
- 16 (f) Proceeds of Civil Penalty. – The clear proceeds of any civil penalty imposed under
17 this section, including any penalty received as an offer in compromise, shall be remitted to the
18 Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- 19 (g) Defense. – It is a defense to a violation of subdivision (3) of subsection (a) of this
20 section if the manufacturer does all of the following:
- 21 (1) Recalls all hemp-derived consumable products from the same batch as the
22 product on which the violation is based.
- 23 (2) Has samples of the batch tested by an independent testing laboratory. The
24 sample size required for testing pursuant to this subdivision shall be five times
25 the number of units required pursuant to G.S. 18D-104(e) based on the size of
26 the batch at production, regardless of the number of units that are able to be
27 recalled.
- 28 (3) Provides certified results from the independent testing laboratory indicating
29 that the sample tested does not contain a concentration of more than
30 three-tenths of one percent (0.3%) on a dry weight basis total combined of
31 delta-9 tetrahydrocannabinol.
- 32 (h) Forfeiture. – Any product sold in violation of subdivision (3) of subsection (a) of this
33 section shall be subject to forfeiture pursuant to the procedures set forth in G.S. 18D-401.
- 34 **"§ 18D-104. Testing prior to distribution.**
- 35 (a) Requirement. – The manufacturer shall have a hemp-derived consumable product
36 tested prior to distribution to a distributor or before distributing the product to a seller. If the
37 hemp-derived consumable product is packaged in a manner that may be sold to the ultimate
38 consumer of the product when delivered to the distributor and the distributor does not open such
39 package, the distributor is not required to test the hemp-derived consumable product. If the
40 hemp-derived consumable product is not packaged in a manner that may be sold to the ultimate
41 consumer of the product when delivered to the distributor or the distributor does open such
42 package, the distributor shall have the hemp-derived consumable product tested prior to
43 distribution. The testing shall determine the presence and amounts of any of the substances listed
44 in subsection (b) of this section. No product that contains more than the maximum amount
45 indicated for any substance in subsection (b) of this section shall be distributed or sold in this
46 State.
- 47 (b) Substances Tested; Limitations. – Hemp-derived consumable products shall be tested
48 for the presence of and amount of the following substances and shall not exceed the amounts
49 indicated:
- 50 (1) Cannabinoids, not to exceed a concentration of three-tenths of one percent
51 (0.3%) total combined of delta-9 tetrahydrocannabinol.

- 1 (2) 2,3-butanedione (Diacetyl).
- 2 (3) Abamectin, not to exceed 300 parts per billion for ingestion or 100 parts per
3 billion for inhalation.
- 4 (4) Acephate, not to exceed 3,000 parts per billion for ingestion or 100 parts per
5 billion for inhalation.
- 6 (5) Acequinocyl, not to exceed 2,000 parts per billion for ingestion or 100 parts
7 per billion for inhalation.
- 8 (6) Acetamiprid, not to exceed 3,000 parts per billion for ingestion or 100 parts
9 per billion for inhalation.
- 10 (7) Aldicarb, not to exceed 100 parts per billion for ingestion or inhalation.
- 11 (8) Azoxystrobin, not to exceed 3,000 parts per billion for ingestion or 100 parts
12 per billion for inhalation.
- 13 (9) Bifenazate, not to exceed 3,000 parts per billion for ingestion or 100 parts per
14 billion for inhalation.
- 15 (10) Bifenthrin, not to exceed 500 parts per billion for ingestion or 100 parts per
16 billion for inhalation.
- 17 (11) Boscalid, not to exceed 3,000 parts per billion for ingestion or 100 parts per
18 billion for inhalation.
- 19 (12) Captan, not to exceed 3,000 parts per billion for ingestion or 700 parts per
20 billion for inhalation.
- 21 (13) Carbaryl, not to exceed 500 parts per billion for ingestion or 500 parts per
22 billion for inhalation.
- 23 (14) Carbofuran, not to exceed 100 parts per billion for ingestion or inhalation.
- 24 (15) Chlorantraniliprole, not to exceed 3,000 parts per billion for ingestion or 1,000
25 parts per billion for inhalation.
- 26 (16) Chlordane, not to exceed 100 parts per billion for ingestion or inhalation.
- 27 (17) Chlorfenapyr, not to exceed 100 parts per billion for ingestion or inhalation.
- 28 (18) Chlormequat chloride, not to exceed 3,000 parts per billion for ingestion or
29 1,000 parts per billion for inhalation.
- 30 (19) Chlorpyrifos, not to exceed 100 parts per billion for ingestion or inhalation.
- 31 (20) Clofentezine, not to exceed 500 parts per billion for ingestion or 200 parts per
32 billion for inhalation.
- 33 (21) Coumaphos, not to exceed 100 parts per billion for ingestion or inhalation.
- 34 (22) Cyfluthrin, not to exceed 1,000 parts per billion for ingestion or 500 parts per
35 billion for inhalation.
- 36 (23) Cypermethrin, not to exceed 1,000 parts per billion for ingestion or 500 parts
37 per billion for inhalation.
- 38 (24) Daminozide, not to exceed 100 parts per billion for ingestion or inhalation.
- 39 (25) DDVP (Dichlorvos), not to exceed 100 parts per billion for ingestion or
40 inhalation.
- 41 (26) Diazinon, not to exceed 200 parts per billion for ingestion or 100 parts per
42 billion for inhalation.
- 43 (27) Dimethoate, not to exceed 100 parts per billion for ingestion or inhalation.
- 44 (28) Dimethomorph, not to exceed 3,000 parts per billion for ingestion or 200 parts
45 per billion for inhalation.
- 46 (29) Ethoprop(hos), not to exceed 100 parts per billion for ingestion or inhalation.
- 47 (30) Etofenprox, not to exceed 100 parts per billion for ingestion or inhalation.
- 48 (31) Etoxazole, not to exceed 1,500 parts per billion for ingestion or 100 parts per
49 billion for inhalation.
- 50 (32) Fenhexamid, not to exceed 3,000 parts per billion for ingestion or 100 parts
51 per billion for inhalation.

- 1 (33) Fenoxycarb, not to exceed 100 parts per billion for ingestion or inhalation.
2 (34) Fenpyroximate, not to exceed 2,000 parts per billion for ingestion or 100 parts
3 per billion for inhalation.
4 (35) Fipronil, not to exceed 100 parts per billion for ingestion or inhalation.
5 (36) Flonicamid, not to exceed 2,000 parts per billion for ingestion or 100 parts per
6 billion for inhalation.
7 (37) Fludioxonil, not to exceed 3,000 parts per billion for ingestion or 100 parts
8 per billion for inhalation.
9 (38) Hexythiazox, not to exceed 2,000 parts per billion for ingestion or 100 parts
10 per billion for inhalation.
11 (39) Imazalil, not to exceed 100 parts per billion for ingestion or inhalation.
12 (40) Imidacloprid, not to exceed 3,000 parts per billion for ingestion or 400 parts
13 per billion for inhalation.
14 (41) Kresoxim-methyl, not to exceed 1,000 parts per billion for ingestion or 100
15 parts per billion for inhalation.
16 (42) Malathion, not to exceed 2,000 parts per billion for ingestion or 200 parts per
17 billion for inhalation.
18 (43) Metalaxyl, not to exceed 3,000 parts per billion for ingestion or 100 parts per
19 billion for inhalation.
20 (44) Methiocarb, not to exceed 100 parts per billion for ingestion or inhalation.
21 (45) Methomyl, not to exceed 100 parts per billion for ingestion or inhalation.
22 (46) Methyl parathion, not to exceed 100 parts per billion for ingestion or
23 inhalation.
24 (47) Mevinphos, not to exceed 100 parts per billion for ingestion or inhalation.
25 (48) Myclobutanil, not to exceed 3,000 parts per billion for ingestion; prohibited at
26 any concentration for inhalation.
27 (49) Naled, not to exceed 500 parts per billion for ingestion or 250 parts per billion
28 for inhalation.
29 (50) Oxamyl, not to exceed 500 parts per billion for ingestion or inhalation.
30 (51) Paclobutrazol, not to exceed 100 parts per billion for ingestion or inhalation.
31 (52) Pentachloronitrobenzene, not to exceed 200 parts per billion for ingestion or
32 150 parts per billion for inhalation.
33 (53) Permethrin, not to exceed 1,000 parts per billion for ingestion or 100 parts per
34 billion for inhalation.
35 (54) Phosmet, not to exceed 200 parts per billion for ingestion or 100 parts per
36 billion for inhalation.
37 (55) Piperonyl butoxide, not to exceed 3,000 parts per billion for ingestion or
38 inhalation.
39 (56) Prallethrin, not to exceed 400 parts per billion for ingestion or 100 parts per
40 billion for inhalation.
41 (57) Propiconazole, not to exceed 1,000 parts per billion for ingestion or 100 parts
42 per billion for inhalation.
43 (58) Propoxur, not to exceed 100 parts per billion for ingestion or inhalation.
44 (59) Pyrethrins, not to exceed 1,000 parts per billion for ingestion or 500 parts per
45 billion for inhalation.
46 (60) Pyridaben, not to exceed 3,000 parts per billion for ingestion or 200 parts per
47 billion for inhalation.
48 (61) Spinetoram, not to exceed 3,000 parts per billion for ingestion or 200 parts per
49 billion for inhalation.
50 (62) Spinosad A & D, not to exceed 3,000 parts per billion for ingestion or 100
51 parts per billion for inhalation.

- 1 (63) Spiromesifen, not to exceed 3,000 parts per billion for ingestion or 100 parts
- 2 per billion for inhalation.
- 3 (64) Spirotetramat, not to exceed 3,000 parts per billion for ingestion or 100 parts
- 4 per billion for inhalation.
- 5 (65) Spiroxamine, not to exceed 100 parts per billion for ingestion or inhalation.
- 6 (66) Tebuconazole, not to exceed 1,000 parts per billion for ingestion or 100 parts
- 7 per billion for inhalation.
- 8 (67) Thiacloprid, not to exceed 100 parts per billion for ingestion or 100 parts per
- 9 billion for inhalation.
- 10 (68) Thiamethoxam, not to exceed 1,000 parts per billion for ingestion or 500 parts
- 11 per billion for inhalation.
- 12 (69) Trifloxystrobin, not to exceed 3,000 parts per billion for ingestion or 100 parts
- 13 per billion for inhalation.
- 14 (70) 1,2-Dichloroethane, not to exceed 2 parts per million.
- 15 (71) 1,1-Dichloroethene, not to exceed 8 parts per million.
- 16 (72) Acetone, not to exceed 750 parts per million.
- 17 (73) Acetonitrile, not to exceed 60 parts per million.
- 18 (74) Benzene, not to exceed 1 part per million.
- 19 (75) Butane, not to exceed 5,000 parts per million.
- 20 (76) Chloroform, not to exceed 2 parts per million.
- 21 (77) Ethanol, not to exceed 5,000 parts per million.
- 22 (78) Ethyl Acetate, not to exceed 400 parts per million.
- 23 (79) Ethyl Ether, not to exceed 500 parts per million.
- 24 (80) Ethylene Oxide, not to exceed 5 parts per million.
- 25 (81) Heptane, not to exceed 5,000 parts per million.
- 26 (82) Hexane, not to exceed 250 parts per million.
- 27 (83) Isopropyl Alcohol, not to exceed 500 parts per million.
- 28 (84) Methanol, not to exceed 250 parts per million.
- 29 (85) Methylene Chloride, not to exceed 125 parts per million.
- 30 (86) Pentane, not to exceed 750 parts per million.
- 31 (87) Propane, not to exceed 5,000 parts per million.
- 32 (88) Toluene, not to exceed 150 parts per million.
- 33 (89) Trichloroethylene, not to exceed 25 parts per million.
- 34 (90) Xylenes, Total (ortho-, meta-, para-), not to exceed 150 parts per million.
- 35 (91) Cadmium, not to exceed 500 parts per billion for ingestion or 200 parts per
- 36 billion for inhalation.
- 37 (92) Lead, not to exceed 500 parts per billion for ingestion or inhalation.
- 38 (93) Arsenic, not to exceed 1,500 parts per billion for ingestion or 200 parts per
- 39 billion for inhalation.
- 40 (94) Mercury, not to exceed 3,000 parts per billion for ingestion or 200 parts per
- 41 billion for inhalation.
- 42 (95) Shiga toxin-producing Escherichia coli (STEC E. coli) and other pathogenic
- 43 E. coli, not to exceed 1 CFU per gram.
- 44 (96) Salmonella, not to exceed 1 CFU per gram.
- 45 (97) Aspergillus niger, Aspergillus fumigatus, Aspergillus flavus, Aspergillus
- 46 terreus, not to exceed 1 CFU per gram.
- 47 (98) Total Aflatoxin (B1, B2, G1, G2), not to exceed 20 parts per billion for
- 48 ingestion or inhalation.
- 49 (99) Ochratoxin, not to exceed 20 parts per billion for ingestion or inhalation.
- 50 (100) Total combined Yeast and Mold, not to exceed 100,000 CFU per gram for
- 51 ingestion and inhalation.

1 (c) Laboratory Qualifications. – A manufacturer or distributor shall contract with an
2 independent testing laboratory to provide the testing required under subsection (a) of this section.

3 (d) Testing Method. – A laboratory providing testing required under subsection (a) of this
4 section shall use high-performance liquid chromatography for any separation and measurement
5 required in the testing.

6 (e) Batch Testing. – A sample of each batch manufactured shall undergo the testing
7 required by subsection (a) of this section and shall obtain a certificate of analysis by a third-party
8 laboratory qualified under subsection (c) of this section. The size of sample required to be tested
9 shall be determined by the size of the batch as follows:

10 (1) For a batch containing 1 to 999 units, the required sample size is one unit.

11 (2) For a batch containing 1,000 to 4,999 units, the required sample size is two
12 units.

13 (3) For a batch containing 5,000 to 9,999 units, the required sample size is three
14 units.

15 (4) For a batch containing 10,000 or more units, the required sample size is five
16 units.

17 (f) Expiration Date. – A hemp-derived consumable product shall have an expiration date
18 on the label that conforms with applicable federal law.

19 (g) Civil Penalties. – A violation of this section shall result in the Department taking one
20 or more of the following actions against the licensee:

21 (1) Suspend the licensee's license for a specified period of time not longer than
22 three years.

23 (2) Revoke the licensee's license.

24 (3) Impose conditions on the operating hours of the licensee's business.

25 (4) Impose civil penalties as follows:

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

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

30 c. For a third violation within three years of the first violation, impose a
31 civil penalty of no more than seven thousand five hundred dollars
32 (\$7,500).

33 (h) Compromise. – In any case in which the Department is entitled to suspend or revoke
34 a manufacturer's or distributor's license, the Department may accept from the manufacturer or
35 distributor an offer in compromise to pay a penalty of not more than eight thousand dollars
36 (\$8,000). The Department may either accept a compromise or revoke a license, but not both. The
37 Department may accept a compromise and suspend the license in the same case.

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

41 (j) Department Duties. – The Department shall do all of the following:

42 (1) Maintain and post on its website a registry of testing laboratories that are
43 qualified to test intermediate manufactured material and finished
44 hemp-derived consumable products.

45 (2) Develop an application and process to determine qualifying laboratories to be
46 listed on the Department's website. The application shall require a potentially
47 qualifying laboratory to submit a sample certificate of analysis issued by the
48 applying laboratory.

49 **"§ 18D-105. Additional requirements and restrictions for hemp-derived consumable**
50 **products.**

- 1 (a) Packaging Requirements. – A hemp-derived consumable product that is sold in this
2 State shall meet both of the following requirements:
- 3 (1) The product shall satisfy the child-resistant effectiveness standards under 16
4 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirements of 16
5 C.F.R. § 1700.20.
- 6 (2) The product shall be labeled with consumer protection warnings in the form
7 of statements that cover all of the following:
- 8 a. A list of ingredients and possible allergens and a nutritional fact panel
9 or have a code that can be scanned that directs consumers to a website
10 containing the list of ingredients and possible allergens and a
11 nutritional fact panel.
- 12 b. A statement that use while pregnant or breastfeeding may be harmful.
- 13 c. A statement that consumption of certain cannabinoids may impair
14 your ability to drive and operate heavy machinery.
- 15 d. A statement that the product is not approved by the United States Food
16 and Drug Administration.
- 17 e. A statement to keep out of reach of children.
- 18 f. A statement to consult your physician before use.
- 19 g. If the product is ingestible, the amount of hemp-derived cannabinoid
20 in each serving of the product, measured in milligrams.
- 21 h. The total amount of hemp-derived cannabinoid in the entire package,
22 measured in milligrams.
- 23 i. The net weight of the product.
- 24 j. A code that can be scanned to access a website providing the product's
25 batch number, date received, date of completion, and method of
26 analysis for the testing required under G.S. 18D-106.
- 27 k. An expiration date in accordance with applicable federal law.
- 28 (b) Advertising Restrictions. – A manufacturer, distributor, or seller of a hemp-derived
29 consumable product shall not advertise, market, or offer for sale the product by using, in the
30 labeling or design of the product or product packaging or in advertising or marketing materials
31 for the product trade dress, trademarks, branding, or other related materials, any imagery or
32 scenery that depicts or signifies characters or symbols known to appeal primarily to persons under
33 21 years of age, including, but not limited to, superheroes, comic book characters, video game
34 characters, television show characters, movie characters, mythical creatures, and unicorns.
- 35 (c) Non-Liquid Ingestible Product Restrictions. – Any hemp-derived consumable
36 product intended for ingestion that is not a liquid and not intended for inhalation shall not do any
37 of the following:
- 38 (1) Be sold in a serving that contains more than 25 milligrams, in the aggregate,
39 of one or more of the following hemp-derived cannabinoids:
- 40 a. Delta-9 tetrahydrocannabinol.
- 41 b. Delta-7 tetrahydrocannabinol.
- 42 c. Delta-8 tetrahydrocannabinol.
- 43 d. Delta-10 tetrahydrocannabinol.
- 44 (2) Be formed in the shape of an animal or cartoon character.
- 45 (c1) Liquid Ingestible Product Restrictions. – Any hemp-derived consumable product
46 intended for ingestion that is a liquid and not intended for inhalation shall not be sold in a serving
47 that contains more than 10 milligrams, in the aggregate, of one or more of the following
48 hemp-derived cannabinoids:
- 49 (1) Delta-9 tetrahydrocannabinol.
- 50 (2) Delta-7 tetrahydrocannabinol.
- 51 (3) Delta-8 tetrahydrocannabinol.

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

- 5 (1) Delta-9 tetrahydrocannabinol.
6 (2) Delta-7 tetrahydrocannabinol.
7 (3) Delta-8 tetrahydrocannabinol.
8 (4) Delta-10 tetrahydrocannabinol.

9 (d) Civil Penalties. – A violation of this section shall result in the Department taking one
10 or more of the following actions against the licensee:

- 11 (1) Suspend the licensee's license for a specified period of time not longer than
12 three years.
13 (2) Revoke the licensee's license.
14 (3) Impose conditions on the operating hours of the licensee's business.
15 (4) Impose civil penalties as follows:
16 a. For a first violation, impose a civil penalty of no more than one
17 thousand dollars (\$1,000).
18 b. For a second violation within three years, impose a civil penalty of no
19 more than five thousand dollars (\$5,000).
20 c. For a third violation within three years of the first violation, impose a
21 civil penalty of no more than seven thousand five hundred dollars
22 (\$7,500).

23 (e) Compromise. – In any case in which the Department is entitled to suspend or revoke
24 a manufacturer's or distributor's license, the Department may accept from the manufacturer or
25 distributor an offer in compromise to pay a penalty of not more than eight thousand dollars
26 (\$8,000). The Department may either accept a compromise or revoke a license, but not both. The
27 Department may accept a compromise and suspend the license in the same case.

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

31 **"§ 18D-105.1. Conduct on licensed premises.**

32 (a) Certain Conduct. – It shall be unlawful for a licensee or the licensee's agent or
33 employee to knowingly allow any of the following kinds of conduct to occur on the licensed
34 premises:

- 35 (1) Any violation of this Chapter.
36 (2) Any violation of the controlled substances, gambling, or any other unlawful
37 acts.

38 (b) Supervision. – It shall be unlawful for a permittee to fail to superintend in person or
39 through a manager the business for which a license is issued.

40 **"§ 18D-105.2. Safe harbor protection for goods not sold in State.**

41 (a) This Article shall not apply to the following:

- 42 (1) A safe harbor hemp product.
43 (2) A safe harbor manufacturer or storage facility.

44 (b) For the purposes of this section, a "Safe Harbor Hemp Product" means a
45 hemp-derived compound or cannabinoid, whether a finished product or in the process or being
46 produced, that is permitted to be manufactured for distribution, produced for distribution,
47 packaged for distribution, processed for distribution, prepared for distribution, treated for
48 distribution, transported for distribution, or held for distribution in North Carolina for export
49 from North Carolina but that is not permitted to be sold or distributed in North Carolina.

50 (c) For the purposes of this section, a "Safe Harbor Manufacturer or Storage Facility"
51 means a facility that manufactures for distribution, produces for distribution, packages for

1 distribution, processes for distribution, prepares for distribution, treats for distribution, transports
2 for distribution, or holds for distribution a Safe Harbor Hemp Product.

3 **"§ 18D-106. Construction of Article.**

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

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

27 "Article 3.

28 "Licensing.

29 **"§ 18D-300. Definitions.**

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

31 **"§ 18D-301. Licensing requirements; qualifications; duration.**

32 (a) Requirement. – Prior to the commencement of business or by July 1, 2025, whichever
33 is later, a person or entity engaged in this State in any business regulated by this Chapter and
34 listed in this subsection shall obtain a license to engage in that business from the Department.
35 Businesses engaging in one or more of the following are required to obtain a license pursuant to
36 this section:

- 37 (1) Manufacturing hemp-derived consumable products.
- 38 (2) Distributing hemp-derived consumable products.
- 39 (3) Selling hemp-derived consumable products.

40 (b) Qualifications. – In order to obtain and maintain a license under subsection (a) of this
41 section, a person shall meet all of the following criteria:

- 42 (1) Be at least 21 years old.
- 43 (2) Submit to the Department any information determined by the Department to
44 be necessary for the efficient enforcement of this Chapter.
- 45 (3) Have not been convicted of a felony relating to a controlled substance within
46 10 years in any state or federal jurisdiction.
- 47 (4) Consent to reasonable inspection by the ALE Division of the inventory of
48 products regulated by this Chapter to ensure compliance with this Chapter,
49 and the taking of samples found to not be in compliance with the packaging,
50 labeling, and testing requirements of this section.

1 (5) Be current in filing all applicable tax returns to the State and in payment of all
2 taxes, interest, and penalties collectable pursuant to G.S. 105-241.22.

3 (c) Single License Required. – A person or entity engaged in more than one of the
4 businesses listed in subsection (a) of this section shall only be required to obtain a single license.
5 Upon application for a license, the person or entity engaged in more than one type of business
6 regulated by this Chapter must indicate on the license application all of the businesses listed in
7 subsection (a) of this section in which the business engages, or intends to engage. A person or
8 entity applying for a license for more than one type of business listed in subsection (a) of this
9 section shall pay a single fee as provided in G.S. 18D-302(c).

10 (d) Duration. – A license issued pursuant to this Article is valid for a period of one year
11 and may be renewed annually.

12 **"§ 18D-302. Fees.**

13 (a) Application Fee. – The application fee for a license required pursuant to this Article
14 shall be as follows:

15 (1) For a license to manufacture hemp-derived consumable products, a fee of
16 fifteen thousand dollars (\$15,000). However, if an applicant submits proof that
17 the applicant's gross income for the calendar year prior to application was less
18 than one hundred thousand dollars (\$100,000), the fee shall be one thousand
19 dollars (\$1,000).

20 (2) For a license to distribute hemp-derived consumable products, a fee of two
21 thousand five hundred dollars (\$2,500). However, if an applicant submits
22 proof that the applicant's gross income for the calendar year prior to
23 application was less than one hundred thousand dollars (\$100,000), the fee
24 shall be seven hundred fifty dollars (\$750.00).

25 (3) For a license to sell hemp-derived consumable products at a retail location, or
26 online for delivery to a person within this State, a fee of two hundred fifty
27 dollars (\$250.00) for each location or each internet website offering delivery
28 in this State. However, a single entity with more than 25 locations, internet
29 websites offering delivery in this State, or combination of the two shall not
30 pay more than five thousand dollars (\$5,000) and shall submit a list of all
31 locations and all internet websites offering delivery in this State to the
32 Department.

33 (b) Renewal Fee. – The renewal fee for a license issued pursuant to this Article shall be
34 as follows:

35 (1) For a license to manufacture hemp-derived consumable products, a renewal
36 fee of five thousand dollars (\$5,000).

37 (2) For a license to distribute hemp-derived consumable products, a renewal fee
38 of seven hundred fifty dollars (\$750.00).

39 (3) For a license to sell hemp-derived consumable products at a retail location or
40 online for delivery to a person within this State, a renewal fee in the same
41 amount as the initial licensing fees established under subsection (a) of this
42 section.

43 (c) For an application for or renewal of a license to engage in more than one business
44 listed in subsection (a) of G.S. 18D-301, the fee shall be the highest fee of those prescribed for
45 the types of business indicated on the application or renewal, as applied to that applicant or
46 licensee.

47 **"§ 18D-303. Department authority to deny or revoke.**

48 The Department may revoke or refuse to issue any license for any of the following:

49 (1) Failure to comply with or meet any of the qualifications required by
50 G.S. 18D-301(b).

- 1 (2) Submission of false or misleading information in an application for licensure
2 or renewal.
- 3 (3) Submission of false or misleading information in any report or information
4 required by this Chapter to be submitted to the Department.
- 5 (4) Failure to comply with civil penalties authorized by this Chapter.

6 **§ 18D-304. Civil penalties; procedure.**

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

13 **§ 18D-305. Department to develop application, adopt rules, remit revenue.**

14 (a) License application. – The Department shall develop and make available online an
15 application for the license required by this Article.

16 (b) Rules. – The Department shall have authority to adopt, amend, and repeal rules to
17 carry out the provisions of this Chapter.

18 (c) Distribution of Revenue. – The revenue collected from fees established under this
19 Chapter shall be remitted to the ALE Division, on a monthly basis, to be used to cover costs
20 incurred by the ALE Division in enforcing the provisions of this Chapter. To the extent the funds
21 described in this subsection are deemed unappropriated, the funds are hereby appropriated for
22 the purpose set forth in this subsection.

23 "Article 4.

24 "Enforcement.

25 **§ 18D-400. ALE Division.**

26 (a) Authority. – The Alcohol Law Enforcement Division of the Department of Public
27 Safety shall enforce the provisions of this Chapter in a manner that is reasonable to reduce the
28 extent to which hemp-derived consumable products are sold or distributed to persons under 21
29 years of age and shall conduct random, unannounced inspections at locations where
30 hemp-derived consumable products are sold or distributed to ensure compliance with the
31 provisions of this Chapter. If, upon reasonable inspection, the ALE Division determines a
32 licensee's inventory may consist of products not in compliance with the packaging, labeling, and
33 testing requirements of this Chapter, the ALE Division is authorized to only take samples of a
34 licensee's inventory of hemp-derived consumable products considered noncompliant to be
35 submitted for testing in order to determine compliance with the provisions of this Chapter. To
36 procure evidence of violations of this Chapter, ALE Division agents shall have authority to
37 investigate the operation of each licensee under this Chapter and each licensed premises for
38 which a license has been issued under this Chapter, to make inspections that include viewing the
39 entire premises, including the examination of records, equipment, and proceeds related to the
40 manufacture or distribution of hemp-derived consumable products. The inspection authorized by
41 this section may be made at any time it reasonably appears that someone is on the premises.

42 (b) Interference with Inspection. – Refusal by a licensee or by any employee of a licensee
43 to permit ALE Division agents to enter the premises to make an inspection authorized by
44 subsection (a) of this section shall be cause for suspension, revocation, or other action against the
45 licensee. It shall be a Class 2 misdemeanor for any person to resist or obstruct an agent attempting
46 to make a lawful inspection under this section.

47 (c) The ALE Division shall report to the Department of Revenue any violation of this
48 Chapter for which civil penalties are authorized, regardless of whether criminal charges have
49 been filed.

50 (d) Report. – Beginning January 1, 2026, the ALE Division shall submit an annual report
51 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-401. 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) Custody until Trial. – A law enforcement officer seizing a product subject to forfeiture shall provide for its safe storage until trial.

(c) 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:

(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 Department determines that the product is no longer needed for the administrative proceeding.

(d) Disposition after Civil Forfeiture Proceeding. – Violations of G.S. 18D-101(a)(4) shall be subject to forfeiture under the procedure set forth in G.S. 75D-5.

(e) Disposition of Forfeited Product. – Notwithstanding G.S. 75D-5(j), 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) Encountered or otherwise discovered while carrying out any duty or function assigned to the Division by law.

(4) Occurring in an agent's presence.

(5) When assisting another law enforcement agency."

SECTION 1.(c) G.S. 7A-304(a) reads as rewritten:

"(a) 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:

- ...
- (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, 2025, 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 1.1.(a) Subchapter I of Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 5K.

"Hemp-Derived Consumable Products Tax.

"§ 105-187.96. Tax imposed.

(a) Levy and Rate. – An excise tax at the rate of ten and one-half percent (10.5%) is imposed on the retail sale of a hemp-derived consumable product. The tax is in addition to any tax imposed under any other provision of federal, State, or local law. For purposes of this Article, the term "hemp-derived consumable product" is as defined in G.S. 18D-100.

(b) Trust Tax. – The tax imposed by this Article is intended to be passed on to and borne by the purchaser of the hemp-derived consumable product. The tax is a debt from the purchaser to the retailer until paid and is recoverable at law by the retailer in the same manner as other debts. A retailer is considered to act as a trustee on behalf of the State when it collects tax from the purchaser on a taxable transaction. The tax must be stated and charged separately on any documentation provided to the purchaser by the retailer at the time of the transaction.

"§ 105-187.97. Registration.

(a) Requirement and Application. – A retailer of hemp-derived consumable products that is not otherwise registered with the Department pursuant to G.S. 105-164.29 must register with the Department.

(b) Issuance. – A certificate of registration is not assignable and is valid only for the person in whose name it is issued. A copy of the certificate of registration must be displayed at each place of business.

(c) Term. – A certificate of registration is valid unless it is revoked for failure to comply with the provisions of this Article or becomes void. A certificate issued to a person who makes

1 taxable sales or a person liable for tax under this Article becomes void if, for a period of 18
2 months, the person files no returns or files returns showing no sales.

3 (d) Revocation. – The failure of a retailer to comply with this Article is grounds for
4 revocation of the person's certificate of registration. Before the Secretary revokes a person's
5 certificate of registration, the Secretary must notify the person that the Secretary proposes to
6 revoke the certificate of registration and that the proposed revocation will become final unless
7 the person objects to the proposed revocation and files a request for a Departmental review within
8 the time set in G.S. 105-241.11 for requesting a Departmental review of a proposed assessment.
9 The notice must be sent in accordance with the methods authorized in G.S. 105-241.20. The
10 procedures in Article 9 of this Chapter for review of a proposed assessment apply to the review
11 of a proposed revocation.

12 **"§ 105-187.98. Administration.**

13 Except as otherwise provided in this Article, the tax imposed by this Article shall be collected
14 and administered in the same manner as the State sales and use taxes imposed by Article 5 of this
15 Chapter. The provisions of Article 9 of this Chapter that are not inconsistent with this Article,
16 including administration, auditing, making returns, promulgation of rules and regulations by the
17 Secretary, additional taxes, assessments and assessment procedure, imposition and collection of
18 taxes and the lien thereof, and penalties, are made a part of this Article and shall be applicable
19 thereto.

20 **"§ 105-187.99. Exemptions and refunds.**

21 The exemptions and refunds allowed in Article 5 of this Chapter do not apply to sales that
22 the State cannot constitutionally tax."

23 **SECTION 1.1.(b)** This section becomes effective July 1, 2025, and applies to sales
24 occurring on or after that date.

25
26 **PART II. TECHNICAL CHANGES**

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

28 **SECTION 2.(b)** This section becomes effective December 1, 2024, and applies to
29 offenses committed on or after that date.

30
31 **PART III. APPROPRIATION**

32 **SECTION 3.(a)** The following sums are appropriated from the General Fund to the
33 Department of Public Safety in nonrecurring funds for the 2024-2025 fiscal year:

- 34 (1) Two million dollars (\$2,000,000) to be used to hire 20 full-time equivalent
35 positions in the Alcohol Law Enforcement Division of the Department of
36 Public Safety (ALE Division) to serve as Special Agents and assist in
37 implementing the provisions of this act. Upon exhaustion of these funds, the
38 fees remitted to the ALE Division pursuant to Chapter 18D of the General
39 Statutes, as enacted by this act, shall be used to support the positions on a
40 recurring basis.
- 41 (2) Three hundred seventy-five thousand dollars (\$375,000) to be used for any
42 other costs incurred by the Department of Revenue in implementing the
43 provisions of this act.
- 44 (3) One hundred twenty-five thousand dollars (\$125,000) to be used for any other
45 costs incurred by the ALE Division in implementing the provisions of this act.

46 **SECTION 3.(b)** Any nonrecurring funds appropriated by this section for the
47 2024-2025 fiscal year that remain unexpended at the end of the 2024-2025 fiscal year shall not
48 revert at the end of the 2024-2025 fiscal year and shall remain available for expenditure for the
49 purpose for which the funds were appropriated until the funds are expended.

50 **SECTION 3.(c)** This section is effective July 1, 2024.
51

1 **PART IV. PROHIBIT USE OF HEMP-DERIVED CONSUMABLE PRODUCTS ON**
2 **SCHOOL GROUNDS**

3 **SECTION 4.(a)** The title of Article 29A of Chapter 115C of the General Statutes
4 reads as rewritten:

5 "Article 29A.

6 "Policy Prohibiting Use Of ~~Tobacco~~ Tobacco and Hemp-Derived Consumable Products."

7 **SECTION 4.(b)** G.S. 115C-407 reads as rewritten:

8 "**§ 115C-407. Policy prohibiting tobacco use in school buildings, grounds, and at**
9 **school-sponsored events.**

10 (a) ~~Not later than August 1, 2008, local boards of education~~ Governing bodies of public
11 school units shall adopt, implement, and enforce ~~adopt~~ a written policy prohibiting at all times
12 the use of any tobacco product by any person in school buildings, in school facilities, on school
13 campuses, and in or on any other school property owned or operated by the ~~local school~~
14 administrative public school unit. The policy shall further prohibit the use of all tobacco products
15 by persons attending a school-sponsored event at a location not listed in this subsection when in
16 the presence of students or school personnel or in an area where smoking is otherwise prohibited
17 by law.

18 (b) The policy shall include at least all of the following elements:

19 (1) Adequate notice to students, parents, the public, and school personnel of the
20 policy.

21 (2) Posting of signs prohibiting at all times the use of tobacco products by any
22 person in and on school property.

23 (3) Requirements that school personnel enforce the policy.

24 (c) The policy may permit tobacco products to be included in instructional or research
25 activities in public school buildings if the activity is conducted or supervised by the faculty
26 member overseeing the instruction or research and the activity does not include smoking,
27 chewing, or otherwise ingesting the tobacco product.

28 (d) ~~The North Carolina Health and Wellness Trust Fund Commission shall work with~~
29 ~~local boards of education to provide assistance with the implementation of this policy including~~
30 ~~providing information regarding smoking cessation and prevention resources.~~ Nothing in this
31 section, G.S. 143-595 through G.S. 143-601, or any other section prohibits a ~~local board of~~
32 education governing body of a public school unit from adopting and enforcing a more restrictive
33 policy on the use of tobacco in school buildings, in school facilities, on school campuses, or at
34 school-related or school-sponsored events, and in or on other school property."

35 **SECTION 4.(c)** Article 29A of Chapter 115C of the General Statutes is amended by
36 adding a new section to read:

37 "**§ 115C-407.1. Policy prohibiting use of hemp-derived consumable products in school**
38 **buildings, grounds, and at school-sponsored events.**

39 (a) For purposes of this section, the following definition applies:

40 (1) Hemp-derived consumable product. – As defined in G.S. 18D-100.

41 (b) Governing bodies of public school units shall adopt a written policy prohibiting at all
42 times the use of any hemp-derived consumable product by any person in school buildings, in
43 school facilities, on school campuses, on school buses or school transportation service vehicles,
44 and in or on any other school property owned or operated by the public school unit. The policy
45 shall further prohibit the use of all hemp-derived consumable products by persons attending a
46 school-sponsored event at a location not listed in this subsection when in the presence of students
47 or school personnel or in an area where the use of hemp-derived consumable products is
48 otherwise prohibited by law.

49 (c) The policy shall include at least all of the following elements:

50 (1) Adequate notice to students, parents, the public, and school personnel of the
51 policy.

1 (2) Posting of signs prohibiting at all times the use of hemp-derived consumable
2 products by any person in and on school property.

3 (3) Requirements that school personnel enforce the policy.

4 (d) The policy may permit hemp-derived consumable products to be included in
5 instructional or research activities in public school buildings if the activity is conducted or
6 supervised by the faculty member overseeing the instruction or research and the activity does not
7 include smoking, chewing, or otherwise ingesting or inhaling the hemp-derived consumable
8 product.

9 (e) Nothing in this section, G.S. 143-595 through G.S. 143-601, or any other section
10 prohibits a governing body of a public school unit from adopting and enforcing a more restrictive
11 policy on the use of hemp-derived consumable products in school buildings, in school facilities,
12 on school campuses, or at school-related or school-sponsored events, and in or on other school
13 property."

14 **SECTION 4.(d)** G.S. 115C-218.75 is amended by adding a new subsection to read:

15 "(a1) Policies Prohibiting Use of Tobacco, Hemp-Derived Consumable Products. – A
16 charter school shall adopt policies prohibiting use of tobacco and hemp-derived consumable
17 products in school buildings, grounds, on school buses or school transportation service vehicles,
18 and at school-sponsored events in accordance with Article 29A of this Chapter."

19 **SECTION 4.(e)** G.S. 115C-238.66 is amended by adding a new subdivision to read:

20 "(7h) Policies prohibiting use of tobacco and hemp-derived consumable products. –
21 A regional school shall adopt policies prohibiting use of tobacco and
22 hemp-derived consumable products in school buildings, grounds, on school
23 buses or school transportation service vehicles, and at school-sponsored
24 events in accordance with Article 29A of this Chapter."

25 **SECTION 4.(f)** G.S. 115C-150.12C is amended by adding a new subdivision to
26 read:

27 "(15a) Policies prohibiting use of tobacco and hemp-derived consumable products. –
28 The board of trustees shall adopt policies prohibiting use of tobacco and
29 hemp-derived consumable products in school buildings, grounds, on school
30 buses or school transportation service vehicles, and at school-sponsored
31 events in accordance with Article 29A of this Chapter."

32 **SECTION 4.(g)** G.S. 116-239.8(b) is amended by adding a new subdivision to read:

33 "(9a) Policies prohibiting use of tobacco and hemp-derived consumable products. –
34 The chancellor shall adopt policies prohibiting use of tobacco and
35 hemp-derived consumable products in school buildings, grounds, on school
36 buses or school transportation service vehicles, and at school-sponsored
37 events in accordance with Article 29A of Chapter 115C of the General
38 Statutes."

39 **SECTION 4.(h)** Subdivision (21) of Section 6(d) of S.L. 2018-32 reads as rewritten:

40 "(21) Article 29A, Policy Prohibiting Use of ~~Tobacco~~ Tobacco and Hemp-Derived
41 Consumable Products."

42 **SECTION 4.(i)** This section is effective when it becomes law and applies beginning
43 with the 2025-2026 school year.

44

45 **PART V. MISCELLANEOUS**

46 **SECTION 5.(a)** The Department of Revenue shall establish guidance to parties
47 regulated by the provisions of Chapter 18D of the General Statutes, as enacted by this act. The
48 Department shall adopt and amend rules prior to July 1, 2025, however, no rule may become
49 effective until on or after that date. The Department shall provide and accept applications for
50 licensure, and issue licenses in accordance with Chapter 18D of the General Statutes, as enacted
51 by this act, prior to July 1, 2025, in order that licensees may be in compliance with the provisions

1 of Chapter 18D of the General Statutes on July 1, 2025. No license issued by the Department
2 shall become effective prior to July 1, 2025. The Department of Revenue may use the procedure
3 set forth in G.S. 150B-21.1 to adopt or amend any rules as required under this section.

4 **SECTION 5.(b)** The Department of Public Safety shall adopt rules, or amend their
5 rules, consistent with the provisions of this act. The Department of Public Safety may use the
6 procedure set forth in G.S. 150B-21.1 to adopt or amend any rules as required under this section.
7

8 **PART VI. ADD TIANEPTINE, XYLAZINE, AND KRATOM TO THE CONTROLLED** 9 **SUBSTANCE SCHEDULES**

10 **SECTION 6.(a)** G.S. 90-90 reads as rewritten:

11 **"§ 90-90. Schedule II controlled substances.**

12 This schedule includes the controlled substances listed or to be listed by whatever official
13 name, common or usual name, chemical name, or trade name designated. In determining that a
14 substance comes within this schedule, the Commission shall find: a high potential for abuse;
15 currently accepted medical use in the United States, or currently accepted medical use with severe
16 restrictions; and the abuse of the substance may lead to severe psychic or physical dependence.
17 The following controlled substances are included in this schedule:

18 ...

- 19 (2) Any of the following opiates or opioids, including their isomers, esters, ethers,
20 salts, and salts of isomers, whenever the existence of such isomers, esters,
21 ethers, and salts is possible within the specific chemical designation unless
22 specifically exempted or listed in other schedules:

23 ...

24 **bb.** Tianeptine.

25"

26 **SECTION 6.(b)** G.S. 90-91 reads as rewritten:

27 **"§ 90-91. Schedule III controlled substances.**

28 This schedule includes the controlled substances listed or to be listed by whatever official
29 name, common or usual name, chemical name, or trade name designated. In determining that a
30 substance comes within this schedule, the Commission shall find: a potential for abuse less than
31 the substances listed in Schedules I and II; currently accepted medical use in the United States;
32 and abuse may lead to moderate or low physical dependence or high psychological dependence.
33 The following controlled substances are included in this schedule:

34 ...

35 (b) Any material, compound, mixture, or preparation which contains any quantity of the
36 following substances having a depressant effect on the central nervous system unless specifically
37 exempted or listed in another schedule:

- 38 1. Any substance which contains any quantity of a derivative of barbituric acid,
39 or any salt of a derivative of barbituric acid.
40 2. Chlorhexadol.
41 3. Repealed by Session Laws 1993, c. 319, s. 5.
42 4. Lysergic acid.
43 5. Lysergic acid amide.
44 6. Methyprylon.
45 7. Sulfondiethylmethane.
46 8. Sulfonethylmethane.
47 9. Sulfonmethane.
48 9a. Tiletamine and zolazepam or any salt thereof. Some trade or other names for
49 tiletamine-zolazepam combination product: Telazol. Some trade or other
50 names for tiletamine:

- 1 2-(ethylamino)-2-(2-thienyl)-cyclohexanone. Some trade or other names for
 2 zolazepam: 4-(2-fluorophenyl)-6,8-dihydro-1,3,8-trimethylpyrazolo-[3,4-e][
 3 1,4]/y-diazepin-7(1H)-one. flupyrazapon.
 4 10. Any compound, mixture or preparation containing
 5 (i) Amobarbital.
 6 (ii) Secobarbital.
 7 (iii) Pentobarbital.
 8 or any salt thereof and one or more active ingredients which are not included
 9 in any other schedule.
 10 11. Any suppository dosage form containing
 11 (i) Amobarbital.
 12 (ii) Secobarbital.
 13 (iii) Pentobarbital.
 14 or any salt of any of these drugs and approved by the federal Food and Drug
 15 Administration for marketing as a suppository.
 16 12. Ketamine.
 17 13. Xylazine.

18"

19 **SECTION 6.(c)** G.S. 90-94 reads as rewritten:

20 **"§ 90-94. Schedule VI controlled substances.**

21 (a) This schedule includes the controlled substances listed or to be listed by whatever
 22 official name, common or usual name, chemical name, or trade name designated. In determining
 23 that such substance comes within this schedule, the Commission shall find: no currently accepted
 24 medical use in the United States, or a relatively low potential for abuse in terms of risk to public
 25 health and potential to produce psychic or physiological dependence liability based upon present
 26 medical knowledge, or a need for further and continuing study to develop scientific evidence of
 27 its pharmacological effects.

28 (b) The following controlled substances are included in this schedule:

- 29 (1) Marijuana.
 30 (2) Tetrahydrocannabinols, except for tetrahydrocannabinols found in a product
 31 with a delta-9 tetrahydrocannabinol concentration of not more than
 32 three-tenths of one percent (0.3%) on a dry weight basis.
 33 (3) Repealed by Session Laws 2017-115, s. 8, effective December 1, 2017, and
 34 applicable to offenses committed on or after that date.
 35 (4) Kratom. For the purposes of this subdivision, "Kratom" includes any quantity
 36 of mitragynine or 7-hydroxymitragynine or both, extracted from the leaf of
 37 the plant mitragyna speciosa.

38"

39 **SECTION 6.(d)** This section becomes effective December 1, 2024, and applies to
 40 offenses committed on or after that date.

41
 42 **PART VII. CREATE THE OFFENSE OF CRIMINAL POSSESSION AND UNLAWFUL**
 43 **SALE OF EMBALMING FLUID AND TO MAKE OTHER TECHNICAL REVISIONS**

44 **SECTION 7.(a)** This section of the act shall be known as "The Rakim Shackelford
 45 Embalming Fluid Act."

46 **SECTION 7.(b)** G.S. 90-210.20 reads as rewritten:

47 **"§ 90-210.20. Definitions.**

48 The following definitions apply in this Article:

- 49 (a)(1) "Advertisement" means the Advertisement. – The publication, dissemination,
 50 circulation or placing before the public, or causing directly or indirectly to be
 51 made, published, disseminated or placed before the public, any announcement

1 or statement in a newspaper, magazine, or other publication, or in the form of
2 a book, notice, circular, pamphlet, letter, handbill, poster, bill, sign, placard,
3 card, label or tag, or over any radio, television station, or electronic medium.

4 ~~(b)(2) "Board" means the Board. – The North Carolina Board of Funeral Service.~~

5 ~~(e)(3) "Burial" includes Burial. – Includes interment in any form, cremation and the~~
6 ~~transportation of the dead human body as necessary therefor.~~

7 ~~(e1)(4) "Chapel" means a Chapel. – A chapel or other facility separate from the~~
8 ~~funeral establishment premises for the primary purpose of reposing of dead~~
9 ~~human bodies, visitation or funeral ceremony that is owned, operated, or~~
10 ~~maintained by a funeral establishment under this Article, and that does not use~~
11 ~~the word "funeral" in its name, on a sign, in a directory, in advertising or in~~
12 ~~any other manner; in which or on the premises of which there is not displayed~~
13 ~~any caskets or other funeral merchandise; in which or on the premises of~~
14 ~~which there is not located any preparation room; and which no owner,~~
15 ~~operator, employee, or agent thereof represents the chapel to be a funeral~~
16 ~~establishment.~~

17 ~~(e2)(5) "Dead human bodies", as used in this Article includes Dead human bodies. –~~
18 ~~Includes fetuses beyond the second trimester and the ashes from cremated~~
19 ~~bodies.~~

20 ~~(d)(6) "Embalmer" means any Embalmer. – Any person engaged in the practice of~~
21 ~~embalming.~~

22 ~~(e)(7) "Embalming" means the Embalming. – The preservation and disinfection or~~
23 ~~attempted preservation and disinfection of dead human bodies by application~~
24 ~~of chemicals externally or internally or both and the practice of restorative art~~
25 ~~including the restoration or attempted restoration of the appearance of a dead~~
26 ~~human body. Embalming shall not include the washing or use of soap and~~
27 ~~water to cleanse or prepare a dead human body for disposition by the~~
28 ~~authorized agents, family, or friends of the deceased who do so privately~~
29 ~~without pay or as part of the ritual washing and preparation of dead human~~
30 ~~bodies prescribed by religious practices; provided, that no dead human body~~
31 ~~shall be handled in a manner inconsistent with G.S. 130A-395.~~

32 ~~(8) Embalming fluid. – Any chemicals or substances manufactured primarily for~~
33 ~~use by licensed funeral directors, undertakers or embalmers, or registered~~
34 ~~residents to prepare, disinfect, or preserve, either hypodermically, arterially,~~
35 ~~or by any other recognized means, the body of a deceased person for burial,~~
36 ~~cremation, or other final disposition.~~

37 ~~(e1)(9) "Entry level examination in funeral directing" means an Entry-level~~
38 ~~examination in funeral directing. – An examination (i) offered as a component~~
39 ~~of a final or capstone course in a mortuary science program approved by the~~
40 ~~Board or (ii) accredited by the American Board of Funeral Service Education~~
41 ~~or an examination equivalent to the State Board Examination-Arts in Funeral~~
42 ~~Directing to assess competency in all of the following subjects:~~

43 ~~(1)a. Funeral arranging and directing.~~

44 ~~(2)b. Funeral service marketing and merchandising.~~

45 ~~(3)c. Funeral service counseling.~~

46 ~~(4)d. Legal and regulatory compliance.~~

47 ~~(5)e. Cemetery and crematory operations.~~

48 ~~(f)(10) "Funeral directing" means engaging Funeral directing. – Engaging in the~~
49 ~~practice of funeral service except embalming.~~

50 ~~(g)(11) "Funeral director" means any Funeral director. – Any person engaged in the~~
51 ~~practice of funeral directing.~~

1 ~~(h)(12) "Funeral establishment" means every Funeral establishment. – Every place or~~
 2 ~~premises devoted to or used in the care, arrangement and preparation for the~~
 3 ~~funeral and final disposition of dead human bodies and maintained for the~~
 4 ~~convenience of the public in connection with dead human bodies or as the~~
 5 ~~place for carrying on the practice of funeral service.~~

6 ~~(i)(13) "Funeral service licensee" means a person who is duly licensed and engaged~~
 7 ~~in the practice of funeral service. Funeral service. – The aggregate of all~~
 8 ~~funeral service licensees and their duties and responsibilities in connection~~
 9 ~~with the funeral as an organized, purposeful, time-limited, flexible,~~
 10 ~~group-centered response to death.~~

11 ~~(j)(14) "Funeral service" means the aggregate of all funeral service licensees and their~~
 12 ~~duties and responsibilities in connection with the funeral as an organized,~~
 13 ~~purposeful, time-limited, flexible, group-centered response to death. Funeral~~
 14 ~~service licensee. – A person who is duly licensed and engaged in the practice~~
 15 ~~of funeral service.~~

16 ~~(k)(15) "Practice of funeral service" means engaging Practice of funeral service. –~~
 17 ~~Engaging in the care or disposition of dead human bodies or in the practice of~~
 18 ~~disinfecting and preparing by embalming or otherwise dead human bodies for~~
 19 ~~the funeral service, transportation, burial or cremation, or in the practice of~~
 20 ~~funeral directing or embalming as presently known, whether under these titles~~
 21 ~~or designations or otherwise. "Practice of funeral service" also means~~
 22 ~~engaging in making arrangements for funeral service, selling funeral supplies~~
 23 ~~to the public or making financial arrangements for the rendering of such~~
 24 ~~services or the sale of such supplies.~~

25 ~~(l)(16) "Resident trainee" means a Resident trainee. – A person who is engaged in~~
 26 ~~preparing to become licensed for the practice of funeral directing, embalming~~
 27 ~~or funeral service under the personal supervision and instruction of a person~~
 28 ~~duly licensed for the practice of funeral directing, embalming or funeral~~
 29 ~~service in the State of North Carolina under the provisions of this Chapter, and~~
 30 ~~who is duly registered as a resident trainee with the Board."~~

31 **SECTION 7.(c)** Article 13A of Chapter 90 of the General Statutes is amended by
 32 adding a new section to read:

33 **"§ 90-210.29C. Unlawful sale of embalming fluid.**

34 (a) Offense. – It is unlawful for a funeral director, embalmer, or resident trainee to
 35 knowingly give, sell, permit to be sold, offer for sale, or display for sale, other than for purposes
 36 within the general scope of their activities as a funeral director, embalmer, or resident trainee,
 37 embalming fluid to another person with actual knowledge that the person is not a funeral director,
 38 embalmer, or resident trainee.

39 (b) Punishment. – A person who violates subsection (a) of this section is guilty of a Class
 40 I felony, including a fine of not less than one hundred dollars (\$100.00) and not more than five
 41 hundred dollars (\$500.00)."

42 **SECTION 7.(d)** Chapter 90 of the General Statutes is amended by adding a new
 43 Article to read:

44 "Article 5H.

45 "Miscellaneous Drug-Related Regulations.

46 **"§ 90-113.107. Criminal possession of embalming fluid.**

47 (a) Definition. – For purposes of this section, the following terms are as defined in
 48 G.S. 90-210.20:

49 (1) Embalmer.

50 (2) Embalming.

51 (3) Embalming fluid.

- 1 (4) Funeral director.
2 (5) Resident trainee.
3 (b) Offense. – Both of the following are unlawful:
4 (1) Possessing embalming fluid for any purpose other than the lawful preservation
5 of dead human bodies by a person authorized by law to engage in such activity
6 or the lawful preservation of wildlife by a person licensed in taxidermy
7 pursuant to G.S. 113-273(k).
8 (2) Selling, delivering, or otherwise distributing embalming fluid to another
9 person with knowledge that the person intends to utilize the embalming fluid
10 for any purpose other than the lawful preservation of dead human bodies by a
11 person authorized by law to engage in such activity or the lawful preservation
12 of wildlife by a person licensed in taxidermy pursuant to G.S. 113-273(k).
13 (c) Punishment. – A person who commits a violation of subsection (b) of this section
14 shall be punished as follows:
15 (1) If the violation involves less than 28 grams, the violation shall be punished as
16 a Class I felony.
17 (2) If the violation involves 28 grams or more of embalming fluid, but less than
18 200 grams, the violation shall be punished as a Class G felony.
19 (3) If the violation involves 200 grams or more of embalming fluid, but less than
20 400 grams, the violation shall be punished as a Class F felony.
21 (4) If the violation involves 400 grams or more of embalming fluid, the violation
22 shall be punished as a Class D felony.
23 (d) Construction. – Nothing in this section shall be construed as prohibiting possession
24 of embalming fluid by, or selling, delivering, or otherwise distributing embalming fluid to,
25 funeral directors, embalmers, resident trainees, or licensed taxidermists for the purposes of
26 embalming."

27 **SECTION 7.(e)** G.S. 90-96.2(c3) reads as rewritten:

28 "(c3) Covered Offenses. – A person shall have limited immunity from prosecution under
29 subsections (b) and (c) of this section for only the following offenses:

- 30 (1) A misdemeanor violation of G.S. 90-95(a)(3).
31 (2) A felony violation of G.S. 90-95(a)(3) for possession of less than one gram of
32 any controlled substance.
33 (3) Repealed by Session Laws 2023-123, s. 3, effective December 1, 2023, and
34 applicable to offenses committed on or after that date.
35 (3a) A violation of G.S. 90-113.107 punishable as a Class I felony.
36 (4) A violation of G.S. 90-113.22."

37 **SECTION 7.(f)** This section becomes effective December 1, 2024, and applies to
38 offenses committed on or after that date.

39 **PART VIII. CREATE NEW CRIMINAL OFFENSES FOR EXPOSING A CHILD TO A** 40 **CONTROLLED SUBSTANCE**

41 **SECTION 8.(a)** Article 39 of Chapter 14 of the General Statutes is amended by
42 adding a new section to read:

43 **"§ 14-318.7. Exposing a child to a controlled substance.**

44 (a) Definitions. – The following definitions apply in this section:

- 45 (1) Child. – Any person who is less than 16 years of age.
46 (2) Controlled substance. – A controlled substance, controlled substance
47 analogue, drug, marijuana, narcotic drug, opiate, opioid, opium poppy, poppy
48 straw, or targeted controlled substance, all as defined in G.S. 90-87.
49 (3) Ingest. – Any means used to take into the body, to eat or drink, or otherwise
50 consume, or absorb into the body in any way.
51

1 **(b)** A person who knowingly, recklessly, or intentionally causes or permits a child to be
2 exposed to a controlled substance is guilty of a Class H felony.

3 **(c)** A person who knowingly, recklessly, or intentionally causes or permits a child to be
4 exposed to a controlled substance, and as a result the child ingests the controlled substance, is
5 guilty of a Class E felony.

6 **(d)** A person who knowingly, recklessly, or intentionally causes or permits a child to be
7 exposed to a controlled substance, and as a result the child ingests the controlled substance,
8 resulting in serious physical injury, is guilty of a Class D felony.

9 **(e)** A person who knowingly, recklessly, or intentionally causes or permits a child to be
10 exposed to a controlled substance, and as a result the child ingests the controlled substance,
11 resulting in serious bodily injury, is guilty of a Class C felony.

12 **(f)** A person who knowingly, recklessly, or intentionally causes or permits a child to be
13 exposed to a controlled substance, and as a result the child ingests the controlled substance, and
14 the ingestion is the proximate cause of death, is guilty of a Class B1 felony."

15 **SECTION 8.(b)** This section becomes effective December 1, 2024, and applies to
16 offenses committed on or after that date.

17
18 **PART IX. EFFECTIVE DATE**

19 **SECTION 9.(a)** Prosecutions for offenses committed before the effective date of
20 this act are not abated or affected by this act, and the statutes that would be applicable but for
21 this act remain applicable to those prosecutions.

22 **SECTION 9.(b)** If any provision of this act or its application is held invalid, the
23 invalidity does not affect other provisions or applications of this act that can be given effect
24 without the invalid provisions or application and, to this end, the provisions of this act are
25 severable.

26 **SECTION 9.(c)** Except as otherwise provided, this act is effective when it becomes
27 law.