GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H **7**

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
Senate Judiciary Committee Substitute Adopted 6/19/24

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

Sponsors:

Referred to:

April 5, 2023

A BILL TO BE ENTITLED

AN ACT TO REGULATE THE SALE AND DISTRIBUTION OF HEMP-DERIVED CONSUMABLE PRODUCTS, TO IMPOSE AN EXCISE TAX ON THOSE PRODUCTS, TO BAN THOSE PRODUCTS FROM SCHOOL GROUNDS, TO PLACE TIANEPTINE, XYLAZINE, AND KRATOM ON THE CONTROLLED SUBSTANCE SCHEDULES, TO CREATE THE OFFENSE OF CRIMINAL POSSESSION AND UNLAWFUL SALE OF EMBALMING FLUID AND TO MAKE OTHER TECHNICAL REVISIONS, TO CREATE NEW CRIMINAL OFFENSES FOR EXPOSING A CHILD TO A CONTROLLED SUBSTANCE TO ENACT THE NORTH CAROLINA COMPASSIONATE CARE ACT, AND TO REQUIRE CERTAIN EDUCATION ABOUT OPIOIDS.

The General Assembly of North Carolina enacts:

PART I. REGULATION OF HEMP-DERIVED CONSUMABLE PRODUCTS

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

"**Chapter 18D.**

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

"Article 1.

"Regulation of Hemp-Derived Consumable Products.

"**§ 18D-100. Definitions.**

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

(1) ALE Division. – As defined in G.S. 18B-101.

(2) Batch. – The hemp-derived consumable product produced during a period of time under similar conditions and identified by a specific code that allows traceability.

(3) Department. – The Department of Revenue.

(4) Distributor. – A person or entity that delivers or sells hemp-derived consumable products for the purpose of distribution in commerce.

(4a) Exit package. – An opaque bag or other similar opaque covering provided at the point of sale that satisfies the child-resistant effectiveness standards under 16 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirements

of 16 C.F.R. § 1700.20 in which hemp-derived consumable products are placed by a seller after being sold to the ultimate consumer of the product.

(5) Hemp. – As defined in G.S. 90-87.

(6) Hemp-derived cannabinoid. – Any phytocannabinoid found in hemp, including delta-9 tetrahydrocannabinol (delta-9 THC), tetrahydrocannabinolic acid (THCA), cannabidiol (CBD), cannabidiolic acid (CBDA), cannabinol (CBN), cannabigerol (CBG), cannabichromene (CBC), cannabicyclol (CBL), cannabivarin (CBV), tetrahydrocannabivarin (THCV), cannabidivarin (CBDV), cannabicitran (CBT), delta-7 tetrahydrocannabinol (delta-7 THC), delta-8 tetrahydrocannibinol (delta-8 THC), or delta-10 tetrahydrocannibinol (delta-10 THC). This term also includes any synthetic cannabinoid derived from hemp and contained in a hemp-derived consumable product.

(7) Hemp-derived consumable product. – A hemp product that is a finished good intended for human ingestion or inhalation that contains a delta-9 THC concentration of not more than three-tenths of one percent (0.3%) on a dry weight basis, but may contain concentrations of other hemp-derived cannabinoids, in excess of that amount. This term does not include hemp products intended for topical application, or seeds or seed derived ingredients that are generally recognized as safe by the United States Food and Drug Administration (FDA).

(8) Hemp product. – As defined in G.S. 90-87.

(9) Independent testing laboratory. – A laboratory that meets all of the following conditions:

a. Holds an ISO 17025 accreditation or is registered with the Drug Enforcement Administration (DEA) in accordance with 21 C.F.R. § 1301.13.

b. Does not have a direct or indirect interest in the entity whose product is being tested.

c. Does not have a direct or indirect interest in a facility that cultivates, processes, distributes, dispenses, or sells hemp-derived consumable products in this State or any other jurisdiction.

d. Has entered into a compliance agreement with the ALE Division to conduct tetrahydrocannabinol concentration sampling and testing using the high-performance chromatography (HPLC) testing method.

(10) Ingestion. – The process of consuming hemp through the mouth, by swallowing into the gastrointestinal system or through tissue absorption.

(11) Inhalation. – The process of consuming hemp into the respiratory system through the mouth or nasal passages.

(12) License. – A license issued in accordance with this Chapter.

(13) Manufacture. – To compound, blend, extract, infuse, cook, or otherwise manipulate hemp or a hemp-derived cannabinoid to make, prepare, or package hemp-derived consumable products.

(14) Manufacturer. – Any person or entity that engages in the process of manufacturing, preparing, or packaging of hemp-derived consumable products.

(14a) Producer. – Any person or entity that engages in the process of farming and harvesting hemp that is intended to be used in the manufacture of a hemp-derived consumable product.

(15) Seller. – Any person who sells a hemp-derived consumable product to the ultimate consumer of the product, including an online seller.

(16) Serving. – A quantity of a hemp-derived consumable product reasonably suitable for a person's use in a single day.

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

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

(1) Knowingly, or having reason to know, sell a hemp-derived consumable product to a person who is under 21 years of age.

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

(3) Engage in the business of selling a hemp-derived consumable product without a valid license issued in accordance with this Chapter.

(4) Knowingly, or having reason to know, sell at retail a hemp-derived consumable product that has a concentration of more than three-tenths of one percent (0.3%) on a dry weight basis total combined of delta-9 tetrahydrocannabinol.

(5) Knowingly, or having reason to know, sell a hemp-derived consumable product that is not contained in an exit package.

(6) Knowingly, or having reason to know, sell at retail or on an internet website offering delivery in this State, a hemp-derived consumable product that is not in compliance with G.S. 18D-105.

(7) Knowingly, or having reason to know, sell at retail hemp flower or a product containing hemp flower that is not accompanied by a certificate of analysis issued within the previous six-month period demonstrating that the hemp flower or product containing hemp flower has a concentration of no more than three-tenths of one percent (0.3%) on a dry weight basis of delta-9 tetrahydrocannabinol.

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

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

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

(3) For the third violation within three years of the first violation, the Department shall impose a civil penalty of no more than one thousand dollars ($1,000) and suspend the seller's license for one year.

(4) For a fourth or subsequent violation within three years of the first violation, the Department shall impose a civil penalty of no more than two thousand dollars ($2,000) and revoke the seller's license.

(c) Compromise. – In any case in which the Department is entitled to suspend or revoke a seller's license, the Department may accept from the seller an offer in compromise to pay a penalty of not more than three thousand dollars ($3,000). The Department may either accept a compromise or revoke a license, but not both. The Department may accept a compromise and suspend the license in the same case.

(d) Testing Fee. – In any case in which the Department imposes a penalty pursuant to subsection (b) of this section, for a violation of subdivision (4) of subsection (a) of this section, the seller shall also pay to the Department 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.

(e) Defenses. – It is a defense to a violation of subdivision (1) of subsection (a) of this section if the seller does any of the following:

(1) Shows that the purchaser produced 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 tribal enrollment card issued by a State or federally recognized Indian 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.

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

(3) Shows that at the time of purchase, the purchaser utilized a biometric 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 seller or seller'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.

(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.

(g) 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-401.

(h) 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.**

(a) 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:

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

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

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

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

(c) 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.

(d) Criminal Penalty. – Any person 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.

(e) 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.**

(a) It is unlawful for any person to give a hemp-derived consumable product to anyone 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) Penalties. –

(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, or park.

(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 total combined of delta-9 tetrahydrocannabinol.

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

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

(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).
b. For a second violation within three years, impose a civil penalty of no 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).

(d) Compromise. – In any case in which the Department is entitled to suspend or revoke a manufacturer's or distributor's license, the Department 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 Department may either accept a compromise or revoke a license, but not both. The Department may accept a compromise and suspend the license in the same case.

(e) Testing Fee. – In any case in which the Department 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 Department the actual costs paid by the Department or 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.

(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.

(g) 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:
(1) Recalls all hemp-derived consumable products from the same batch as the product on which the violation is based.
(2) Has samples of the batch tested by an independent testing laboratory. The 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 recalled.
(3) Provides certified results from the independent testing laboratory indicating 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.

(h) 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-401.

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

(a) Requirement. – The manufacturer shall have a hemp-derived consumable product tested prior to distribution to a distributor or before distributing the product to a seller. 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.

(b) 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) Cannabinoids, not to exceed a concentration of three-tenths of one percent (0.3%) total combined of delta-9 tetrahydrocannabinol.
(2) 2,3-butanedione (Diacetyl).
(3) Abamectin, not to exceed 300 parts per billion for ingestion or 100 parts per billion for inhalation.
(4) Acephate, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(5) Acequinocyl, not to exceed 2,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(6) Acetamiprid, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(7) Aldicarb, not to exceed 100 parts per billion for ingestion or inhalation.
(8) Azoxystrobin, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(9) Bifenazate, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(10) Bifenthrin, not to exceed 500 parts per billion for ingestion or 100 parts per billion for inhalation.
(11) Boscalid, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(12) Captan, not to exceed 3,000 parts per billion for ingestion or 700 parts per billion for inhalation.
(13) Carbaryl, not to exceed 500 parts per billion for ingestion or 500 parts per billion for inhalation.
(14) Carbofuran, not to exceed 100 parts per billion for ingestion or inhalation.
(15) Chlorantraniliprole, not to exceed 3,000 parts per billion for ingestion or 1,000 parts per billion for inhalation.
(16) Chlordane, not to exceed 100 parts per billion for ingestion or inhalation.
(17) Chlorfenapyr, not to exceed 100 parts per billion for ingestion or inhalation.
(18) Chlormequat chloride, not to exceed 3,000 parts per billion for ingestion or 1,000 parts per billion for inhalation.
(19) Chlorpyrifos, not to exceed 100 parts per billion for ingestion or inhalation.
(20) Clofentezine, not to exceed 500 parts per billion for ingestion or 200 parts per billion for inhalation.
(21) Coumaphos, not to exceed 100 parts per billion for ingestion or inhalation.
(22) Cyfluthrin, not to exceed 1,000 parts per billion for ingestion or 500 parts per billion for inhalation.
(23) Cypermethrin, not to exceed 1,000 parts per billion for ingestion or 500 parts per billion for inhalation.
(24) Daminozide, not to exceed 100 parts per billion for ingestion or inhalation.
(25) DDVP (Dichlorvos), not to exceed 100 parts per billion for ingestion or inhalation.
(26) Diazinon, not to exceed 200 parts per billion for ingestion or 100 parts per billion for inhalation.
(27) Dimethoate, not to exceed 100 parts per billion for ingestion or inhalation.
(28) Dimethomorph, not to exceed 3,000 parts per billion for ingestion or 200 parts per billion for inhalation.
(29) Ethoprop(hos), not to exceed 100 parts per billion for ingestion or inhalation.

(30) Etofenprox, not to exceed 100 parts per billion for ingestion or inhalation.
(31) Etoxazole, not to exceed 1,500 parts per billion for ingestion or 100 parts per billion for inhalation.
(32) Fenhexamid, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(33) Fenoxycarb, not to exceed 100 parts per billion for ingestion or inhalation.
(34) Fenpyroximate, not to exceed 2,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(35) Fipronil, not to exceed 100 parts per billion for ingestion or inhalation.
(36) Flonicamid, not to exceed 2,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(37) Fludioxonil, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(38) Hexythiazox, not to exceed 2,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(39) Imazalil, not to exceed 100 parts per billion for ingestion or inhalation.
(40) Imidacloprid, not to exceed 3,000 parts per billion for ingestion or 400 parts per billion for inhalation.
(41) Kresoxim-methyl, not to exceed 1,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(42) Malathion, not to exceed 2,000 parts per billion for ingestion or 200 parts per billion for inhalation.
(43) Metalaxyl, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(44) Methiocarb, not to exceed 100 parts per billion for ingestion or inhalation.
(45) Methomyl, not to exceed 100 parts per billion for ingestion or inhalation.
(46) Methyl parathion, not to exceed 100 parts per billion for ingestion or inhalation.
(47) Mevinphos, not to exceed 100 parts per billion for ingestion or inhalation.
(48) Myclobutanil, not to exceed 3,000 parts per billion for ingestion; prohibited at any concentration for inhalation.
(49) Naled, not to exceed 500 parts per billion for ingestion or 250 parts per billion for inhalation.
(50) Oxamyl, not to exceed 500 parts per billion for ingestion or inhalation.
(51) Paclobutrazol, not to exceed 100 parts per billion for ingestion or inhalation.
(52) Pentachloronitrobenzene, not to exceed 200 parts per billion for ingestion or 150 parts per billion for inhalation.
(53) Permethrin, not to exceed 1,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(54) Phosmet, not to exceed 200 parts per billion for ingestion or 100 parts per billion for inhalation.
(55) Piperonyl butoxide, not to exceed 3,000 parts per billion for ingestion or inhalation.
(56) Prallethrin, not to exceed 400 parts per billion for ingestion or 100 parts per billion for inhalation.
(57) Propiconazole, not to exceed 1,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(58) Propoxur, not to exceed 100 parts per billion for ingestion or inhalation.
(59) Pyrethrins, not to exceed 1,000 parts per billion for ingestion or 500 parts per billion for inhalation.

(60) Pyridaben, not to exceed 3,000 parts per billion for ingestion or 200 parts per billion for inhalation.
(61) Spinetoram, not to exceed 3,000 parts per billion for ingestion or 200 parts per billion for inhalation.
(62) Spinosad A & D, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(63) Spiromesifen, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(64) Spirotetramat, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(65) Spiroxamine, not to exceed 100 parts per billion for ingestion or inhalation.
(66) Tebuconazole, not to exceed 1,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(67) Thiacloprid, not to exceed 100 parts per billion for ingestion or 100 parts per billion for inhalation.
(68) Thiamethoxam, not to exceed 1,000 parts per billion for ingestion or 500 parts per billion for inhalation.
(69) Trifloxystrobin, not to exceed 3,000 parts per billion for ingestion or 100 parts per billion for inhalation.
(70) 1,2-Dichloroethane, not to exceed 2 parts per million.
(71) 1,1-Dichloroethene, not to exceed 8 parts per million.
(72) Acetone, not to exceed 750 parts per million.
(73) Acetonitrile, not to exceed 60 parts per million.
(74) Benzene, not to exceed 1 part per million.
(75) Butane, not to exceed 5,000 parts per million.
(76) Chloroform, not to exceed 2 parts per million.
(77) Ethanol, not to exceed 5,000 parts per million.
(78) Ethyl Acetate, not to exceed 400 parts per million.
(79) Ethyl Ether, not to exceed 500 parts per million.
(80) Ethylene Oxide, not to exceed 5 parts per million.
(81) Heptane, not to exceed 5,000 parts per million.
(82) Hexane, not to exceed 250 parts per million.
(83) Isopropyl Alcohol, not to exceed 500 parts per million.
(84) Methanol, not to exceed 250 parts per million.
(85) Methylene Chloride, not to exceed 125 parts per million.
(86) Pentane, not to exceed 750 parts per million.
(87) Propane, not to exceed 5,000 parts per million.
(88) Toluene, not to exceed 150 parts per million.
(89) Trichloroethylene, not to exceed 25 parts per million.
(90) Xylenes, Total (ortho-, meta-, para-), not to exceed 150 parts per million.
(91) Cadmium, not to exceed 500 parts per billion for ingestion or 200 parts per billion for inhalation.
(92) Lead, not to exceed 500 parts per billion for ingestion or inhalation.
(93) Arsenic, not to exceed 1,500 parts per billion for ingestion or 200 parts per billion for inhalation.
(94) Mercury, not to exceed 3,000 parts per billion for ingestion or 200 parts per billion for inhalation.
(95) Shiga toxin-producing Escherichia coli (STEC E. coli) and other pathogenic E. coli, not to exceed 1 CFU per gram.
(96) Salmonella, not to exceed 1 CFU per gram.

(97) Aspergillus niger, Aspergillus fumigatus, Aspergillus flavus, Aspergillus terreus, not to exceed 1 CFU per gram.
(98) Total Aflatoxin (B1, B2, G1, G2), not to exceed 20 parts per billion for ingestion or inhalation.
(99) Ochratoxin, not to exceed 20 parts per billion for ingestion or inhalation.
(100) Total combined Yeast and Mold, not to exceed 100,000 CFU per gram for ingestion and inhalation.

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

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

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

(1) For a batch containing 1 to 999 units, the required sample size is one unit.
(2) For a batch containing 1,000 to 4,999 units, the required sample size is two units.
(3) For a batch containing 5,000 to 9,999 units, the required sample size is three units.
(4) For a batch containing 10,000 or more units, the required sample size is five units.

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

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

(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).
b. For a second violation within three years, impose a civil penalty of no 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).

(h) Compromise. – In any case in which the Department is entitled to suspend or revoke a manufacturer's or distributor's license, the Department 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 Department may either accept a compromise or revoke a license, but not both. The Department may accept a compromise and suspend the license in the same case.

(i) 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.

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

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

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

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

(a) Packaging Requirements. – A hemp-derived consumable product that is sold in this State shall meet both of the following requirements:

(1) The product shall satisfy the child-resistant effectiveness standards under 16 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirements of 16 C.F.R. § 1700.20.

(2) The product shall be labeled with consumer protection warnings in the form of statements that cover all of the following:

a. A list of ingredients and possible allergens and a nutritional fact panel or have a code that can be scanned that directs consumers to a website containing the list of ingredients and possible allergens and a nutritional fact panel.

b. A statement that use while pregnant or breastfeeding may be harmful.

c. A statement that consumption of certain cannabinoids may impair your ability to drive and operate heavy machinery.

d. A statement that the product is not approved by the United States Food and Drug Administration.

e. A statement to keep out of reach of children.

f. A statement to consult your physician before use.

g. If the product is ingestible, the amount of hemp-derived cannabinoid in each serving of the product, measured in milligrams.

h. The total amount of hemp-derived cannabinoid in the entire package, measured in milligrams.

i. The net weight of the product.

j. A code that can be scanned to access a website providing the product's batch number, date received, date of completion, and method of analysis for the testing required under G.S. 18D-106.

k. An expiration date in accordance with applicable federal law.

(b) Advertising Restrictions. – A manufacturer, distributor, or seller of a hemp-derived consumable product shall not advertise, market, or offer for sale the product by using, in the labeling or design of the product or product packaging or in advertising or marketing materials for the product trade dress, trademarks, branding, or other related materials, any imagery or scenery that depicts or signifies characters or symbols known to appeal primarily to persons under 21 years of age, including, but not limited to, superheroes, comic book characters, video game characters, television show characters, movie characters, mythical creatures, and unicorns.

(c) Non-Liquid Ingestible Product Restrictions. – Any hemp-derived consumable product intended for ingestion that is not a liquid and not intended for inhalation shall not do any of the following:

(1) Be sold in a serving that contains more than 25 milligrams, in the aggregate, of one or more of the following hemp-derived cannabinoids:

a. Delta-9 tetrahydrocannabinol.

b. Delta-7 tetrahydrocannabinol.

c. Delta-8 tetrahydrocannabinol.

d. Delta-10 tetrahydrocannabinol.

(2) Be formed in the shape of an animal or cartoon character.

(c1) 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 that contains more than 10 milligrams, in the aggregate, of one or more of the following hemp-derived cannabinoids:

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

(c2) Inhalable Product Restrictions. – Any hemp-derived consumable product intended for inhalation 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) Delta-7 tetrahydrocannabinol.
(3) Delta-8 tetrahydrocannabinol.
(4) Delta-10 tetrahydrocannabinol.

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

(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).
b. For a second violation within three years, impose a civil penalty of no 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 Department is entitled to suspend or revoke a manufacturer's or distributor's license, the Department 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 Department may either accept a compromise or revoke a license, but not both. The Department 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) 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:

(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 Article 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 or 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, packages for distribution, processes for distribution, prepares for distribution, treats for distribution, transports for distribution, or holds for distribution a Safe Harbor Hemp Product.

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

Nothing in this Article 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) Limit the ability of an employer to establish, continue, or enforce a drug-free 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 3.

"Licensing.

"**§ 18D-300. Definitions.**

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

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

(a) Requirement. – Prior to the commencement of business or by July 1, 2025, 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 Department. 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.

(2) Submit to the Department any information determined by the Department to be necessary for the efficient enforcement of this Chapter.
(3) Have not been convicted of a felony relating to a controlled substance within 10 years in any state or federal jurisdiction.
(4) Consent to reasonable inspection by the ALE Division of the inventory of products regulated by this Chapter to ensure compliance with this Chapter, and the taking of samples found to not be in compliance with the packaging, labeling, and testing requirements of this section.
(5) Be current in filing all applicable tax returns to the State and in payment of all taxes, interest, and penalties collectable pursuant to G.S. 105-241.22.

(c) 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. Upon application for a license, the person or entity engaged in more than one type of business regulated by this Chapter must indicate on the license application all of the businesses listed in subsection (a) of this section in which the business engages, or intends to engage. A person or entity applying for a license for more than one type of business listed in subsection (a) of this section shall pay a single fee as provided in G.S. 18D-302(c).

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

"**§ 18D-302. Fees.**

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

(1) For a license to manufacture hemp-derived consumable products, a fee of fifteen thousand dollars ($15,000). However, if an applicant submits proof that the applicant's gross income for the calendar year prior to application was less than one hundred thousand dollars ($100,000), the fee shall be one thousand dollars ($1,000).
(2) For a license to distribute hemp-derived consumable products, a fee of two thousand five hundred dollars ($2,500). However, if an applicant submits proof that the applicant's gross income for the calendar year prior to application was less than one hundred thousand dollars ($100,000), the fee shall be seven hundred fifty dollars ($750.00).
(3) For a license to sell hemp-derived consumable products at a retail location, or online for delivery to a person within this State, a fee of two hundred fifty dollars ($250.00) for each location or each internet website offering delivery in this State. However, a single entity with more than 25 locations, internet websites offering delivery in this State, or combination of the two shall not pay more than five thousand dollars ($5,000) and shall submit a list of all locations and all internet websites offering delivery in this State to the Department.

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

(1) For a license to manufacture hemp-derived consumable products, a renewal fee of five thousand dollars ($5,000).
(2) For a license to distribute hemp-derived consumable products, a renewal fee of seven hundred fifty dollars ($750.00).
(3) For a license to sell hemp-derived consumable products at a retail location or 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.

(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-301, 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-303. Department authority to deny or revoke.**

The Department 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-301(b).

(2) Submission of false or misleading information in an application for licensure or renewal.

(3) Submission of false or misleading information in any report or information required by this Chapter to be submitted to the Department.

(4) Failure to comply with civil penalties authorized by this Chapter.

"**§ 18D-304. 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 Department, the Department 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-305. Department to develop application, adopt rules, remit revenue.**

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

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

(c) Distribution of Revenue. – 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 4.

"Enforcement.

"**§ 18D-400. ALE Division.**

(a) Authority. – The Alcohol Law Enforcement Division of the Department of Public Safety 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) Interference with Inspection. – Refusal by a licensee or by any employee of a licensee 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) The ALE Division shall report to the Department of Revenue any violation of this Chapter for which civil penalties are authorized, regardless of whether criminal charges have been filed.

(d) Report. – Beginning January 1, 2026, 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-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 taxable sales or a person liable for tax under this Article becomes void if, for a period of 18 months, the person files no returns or files returns showing no sales.

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

"**§ 105-187.98. Administration.**

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

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

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

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

PART II. TECHNICAL CHANGES

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

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

PART III. APPROPRIATION

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

(1) Two million dollars ($2,000,000) to be used to hire 20 full-time equivalent positions in the Alcohol Law Enforcement Division of the Department of Public Safety (ALE Division) to serve as Special Agents and assist in implementing the provisions of this act. Upon exhaustion of these funds, the fees remitted to the ALE Division pursuant to Chapter 18D of the General Statutes, as enacted by this act, shall be used to support the positions on a recurring basis.

(2) Three hundred seventy-five thousand dollars ($375,000) to be used for any other costs incurred by the Department of Revenue in implementing the provisions of this act.

(3) One hundred twenty-five thousand dollars ($125,000) to be used for any other costs incurred by the ALE Division in implementing the provisions of this act.

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

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

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

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

"Article 29A.

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

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

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

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

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

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

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

(3) Requirements that school personnel enforce the policy.

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

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

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

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

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

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

(b) Governing bodies of public school units shall adopt a written policy prohibiting at all times the use of any hemp-derived consumable product by any person in school buildings, in school facilities, on school campuses, on school buses or school transportation service vehicles,

and in or on any other school property owned or operated by the public school unit. The policy shall further prohibit the use of all hemp-derived consumable products by persons attending a school-sponsored event at a location not listed in this subsection when in the presence of students or school personnel or in an area where the use of hemp-derived consumable products is otherwise prohibited by law.

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

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

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

(3) Requirements that school personnel enforce the policy.

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

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

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

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

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

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

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

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

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

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

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

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

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

PART V. MISCELLANEOUS

SECTION 5.(a) The Department of Revenue shall establish guidance to parties regulated by the provisions of Chapter 18D of the General Statutes, as enacted by this act. The Department shall adopt and amend rules prior to July 1, 2025, however, no rule may become effective until on or after that date. The Department shall provide and accept applications for licensure, and issue licenses in accordance with Chapter 18D of the General Statutes, as enacted by this act, prior to July 1, 2025, in order that licensees may be in compliance with the provisions of Chapter 18D of the General Statutes on July 1, 2025. No license issued by the Department shall become effective prior to July 1, 2025. The Department of Revenue may use the procedure set forth in G.S. 150B-21.1 to adopt or amend any rules as required under this section.

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

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

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

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

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

…

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

…

bb. Tianeptine.

…."

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

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

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

…

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

1. Any substance which contains any quantity of a derivative of barbituric acid, or any salt of a derivative of barbituric acid.
2. Chlorhexadol.
3. Repealed by Session Laws 1993, c. 319, s. 5.
4. Lysergic acid.
5. Lysergic acid amide.

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

…."

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

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

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

(b) The following controlled substances are included in this schedule:
(1) Marijuana.
(2) Tetrahydrocannabinols, except for tetrahydrocannabinols found in a product with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent (0.3%) on a dry weight basis.
(3) Repealed by Session Laws 2017-115, s. 8, effective December 1, 2017, and applicable to offenses committed on or after that date.
(4) Kratom. For the purposes of this subdivision, "Kratom" includes any quantity of mitragynine or 7-hydroxymytragynine or both, extracted from the leaf of the plant mitragyna speciosa.

…."

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

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

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

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

"**§ 90-210.20. Definitions.**

The following definitions apply in this Article:

~~(a)~~(1) ~~"Advertisement" means the~~ Advertisement. – The publication, dissemination, circulation or placing before the public, or causing directly or indirectly to be made, published, disseminated or placed before the public, any announcement or statement in a newspaper, magazine, or other publication, or in the form of a book, notice, circular, pamphlet, letter, handbill, poster, bill, sign, placard, card, label or tag, or over any radio, television station, or electronic medium.

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

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

~~(c1)~~(4) ~~"Chapel" means a~~ Chapel. – A chapel or other facility separate from the funeral establishment premises for the primary purpose of reposing of dead human bodies, visitation or funeral ceremony that is owned, operated, or maintained by a funeral establishment under this Article, and that does not use the word "funeral" in its name, on a sign, in a directory, in advertising or in any other manner; in which or on the premises of which there is not displayed any caskets or other funeral merchandise; in which or on the premises of which there is not located any preparation room; and which no owner, operator, employee, or agent thereof represents the chapel to be a funeral establishment.

~~(c2)~~(5) ~~"Dead human bodies", as used in this Article includes~~ Dead human bodies. – Includes fetuses beyond the second trimester and the ashes from cremated bodies.

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

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

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

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

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

~~(2)~~b. Funeral service marketing and merchandising.
~~(3)~~c. Funeral service counseling.
~~(4)~~d. Legal and regulatory compliance.
~~(5)~~e. Cemetery and crematory operations.

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

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

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

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

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

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

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

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

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

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

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

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

"Article 5H.

"Miscellaneous Drug-Related Regulations.

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

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

(1) Embalmer.

(2) Embalming.

(3) Embalming fluid.

(4) Funeral director.

(5) Resident trainee.

(b) Offense. – Both of the following are unlawful:

(1) Possessing embalming fluid for any purpose other than the lawful preservation of dead human bodies by a person authorized by law to engage in such activity or the lawful preservation of wildlife by a person licensed in taxidermy pursuant to G.S. 113-273(k).

(2) Selling, delivering, or otherwise distributing embalming fluid to another person with knowledge that the person intends to utilize the embalming fluid for any purpose other than the lawful preservation of dead human bodies by a person authorized by law to engage in such activity or the lawful preservation of wildlife by a person licensed in taxidermy pursuant to G.S. 113-273(k).

(c) Punishment. – A person who commits a violation of subsection (b) of this section shall be punished as follows:

(1) If the violation involves less than 28 grams, the violation shall be punished as a Class I felony.

(2) If the violation involves 28 grams or more of embalming fluid, but less than 200 grams, the violation shall be punished as a Class G felony.

(3) If the violation involves 200 grams or more of embalming fluid, but less than 400 grams, the violation shall be punished as a Class F felony.

(4) If the violation involves 400 grams or more of embalming fluid, the violation shall be punished as a Class D felony.

(d) Construction. – Nothing in this section shall be construed as prohibiting possession of embalming fluid by, or selling, delivering, or otherwise distributing embalming fluid to, funeral directors, embalmers, resident trainees, or licensed taxidermists for the purposes of embalming."

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

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

(1) A misdemeanor violation of G.S. 90-95(a)(3).

(2) A felony violation of G.S. 90-95(a)(3) for possession of less than one gram of any controlled substance.

(3) Repealed by Session Laws 2023-123, s. 3, effective December 1, 2023, and applicable to offenses committed on or after that date.

(3a) A violation of G.S. 90-113.107 punishable as a Class I felony.

(4) A violation of G.S. 90-113.22."

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

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

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

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

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

(1) Child. – Any person who is less than 16 years of age.

(2) Controlled substance. – A controlled substance, controlled substance analogue, drug, marijuana, narcotic drug, opiate, opioid, opium poppy, poppy straw, or targeted controlled substance, all as defined in G.S. 90-87.

(3) Ingest. – Any means used to take into the body, to eat or drink, or otherwise consume, or absorb into the body in any way.

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

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

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

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

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

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

PART IX. NORTH CAROLINA COMPASSIONATE CARE ACT

SECTION 9.(a) Chapter 90 of the General Statutes is amended by adding a new Article to read:

"Article 5H.

"North Carolina Compassionate Care Act.

"**§ 90-113.110. Short title.**

This Article shall be known and may be cited as the "North Carolina Compassionate Care Act."

"**§ 90-113.111. Legislative findings and purpose.**

The General Assembly makes the following findings:

(1) Modern medical research has found that cannabis and cannabinoid compounds are effective at alleviating pain, nausea, and other symptoms associated with several debilitating medical conditions.

(2) As of June 2024, more than a majority of states, four out of five permanently inhabited United States territories, and the District of Columbia have removed state-level criminal penalties for the medical use, cultivation, and distribution of cannabis, and in enacting this Article, North Carolina now takes similar action to preserve and enhance the health and welfare of its citizens.

(3) This Article is intended to make only those changes to existing North Carolina laws that are necessary to protect patients and their doctors from criminal and civil penalties and is not intended to change current civil and criminal laws governing the use of cannabis for nonmedical purposes.

(4) The General Assembly enacts this Article pursuant to its police power to enact legislation for the protection of the health of its citizens, as reserved to the State in the Tenth Amendment of the United States Constitution.

(5) It is the intent of the General Assembly to prioritize the protection of public health and safety in the creation of a system for the cultivation, processing, and selling of medical cannabis.

(6) It is the intent of the General Assembly that the regulatory system created by this Article be nimble and able to respond quickly to changes in the rapidly-evolving cannabis industry.

"**§ 90-113.112. Definitions.**

The following definitions apply in this Article:

(1) Adequate supply. – An amount, as determined by the qualified patient's physician, of usable cannabis derived solely from an intrastate source that is possessed by a qualified patient, or collectively possessed by a qualified patient and the qualified patient's designated caregiver, in an amount that does not exceed what is reasonably necessary to assure the uninterrupted availability of cannabis for a period of 30 days, in any form recommended by the qualified patient's physician for the purpose of alleviating the symptoms or effects of the qualified patient's debilitating medical condition.

(2) Advisory Board. – The Compassionate Use Advisory Board established in G.S. 90-113.113.

(3) Bona fide physician-patient relationship. – A treatment relationship between a physician and a patient in which the physician has completed a full assessment of the patient's medical history, including checking the patient's prescription history in the Controlled Substances Reporting System, and current medical condition, including an in-person physical examination, and the physician is available or offers to provide follow-up care and treatment to the patient, including patient examinations, to determine the efficacy of the use of cannabis as a treatment for the patient's medical condition.

(4) Cannabis. – Marijuana as defined in G.S. 90-87(16).

(5) Cannabis-infused product. – A product infused with cannabis that is intended for use or consumption other than by inhalation, smoking, or vaping. The term includes a tablet, a capsule, a concentrated liquid or viscous oil, a liquid suspension, a topical preparation, a transdermal preparation, a sublingual preparation, a gelatinous cube, a gelatinous rectangular cuboid, a lozenge in a cube or rectangular cuboid shape, a resin, or a wax.

(6) Commission. – The Medical Cannabis Production Commission established in G.S. 90-113.118.

(7) Debilitating medical condition. – A diagnosis of one or more of the following for which a physician provides a written certification:

a. Cancer.

b. Epilepsy.

c. Positive status for human immunodeficiency virus (HIV).

d. Acquired immune deficiency syndrome (AIDS).

e. Amyotrophic lateral sclerosis (ALS).

f. Crohn's disease.

g. Sickle cell anemia.

h. Parkinson's disease.

i. Post-traumatic stress disorder, subject to evidence that an applicant experienced one or more traumatic events. Acceptable evidence shall include, but is not limited to, proof of military service in an active combat zone, that the person was the victim of a violent or sexual crime, or that the person was a first responder. Details of the trauma shall not be required.

j. Multiple sclerosis.
k. Cachexia or wasting syndrome.
l. Severe or persistent nausea in a person who is not pregnant that is related to end-of-life or hospice care, or who is bedridden or homebound because of a condition.
m. A terminal illness when the patient's remaining life expectancy is less than six months.
n. A condition resulting in the individual receiving hospice care.
o. Any other serious medical condition or its treatment added by the Compassionate Use Advisory Board, as provided for in G.S. 90-113.113.

(8) Department. – The North Carolina Department of Health and Human Services.

(9) Designated caregiver. – A person who possesses a valid registry identification card issued by the Department authorizing the person to assist a qualifying patient with the medical use of cannabis. A designated caregiver shall be at least 21 years of age unless the person is the parent or legal guardian of each qualifying patient the person assists.

(10) Medical cannabis center. – A facility owned and operated by a supplier that possesses and dispenses cannabis and cannabis-infused products to registry identification cardholders for human consumption.

(11) Medical use of cannabis or medical use. – The acquisition, administration, possession, preparation, transportation, or use of cannabis and cannabis-infused products, or paraphernalia used to administer cannabis products, to treat or alleviate a qualifying patient's debilitating medical condition or symptoms associated with the qualifying patient's debilitating medical condition and includes the transfer of cannabis products from a designated caregiver to a qualifying patient whom the designated caregiver is authorized to assist. "Medical use" does not include the extraction of resin from cannabis by solvent extraction other than water, glycerin, propylene glycol, vegetable oil, or food grade ethanol (ethyl alcohol), unless the extraction is done by a processing facility.

(12) Physician. – A person licensed under Article 1 of Chapter 90 of the General Statutes who is in good standing to practice medicine in the State, who has a valid DEA registration, and who has completed continuing medical education courses as required pursuant to G.S. 90-113.114.

(13) Production facility. – A facility owned and operated by a supplier that cultivates, possesses, and produces cannabis and cannabis-infused products.

(14) Qualified patient. – A person who has been diagnosed by a physician as having a debilitating medical condition and has received a written certification.

(15) Registry identification card. – A document issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.115 that identifies a person as a qualified patient or a designated caregiver.

(16) Registry identification cardholder. – A qualified patient or a designated caregiver who holds a valid registry identification card issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.115.

(17) Regulated medical cannabis supply system or system. – A system established by the North Carolina Department of Health and Human Services pursuant to

G.S. 90-113.119 to provide a safe method for producing and distributing cannabis and cannabis-infused products to registry identification cardholders.

(18) Smoking. – The use or possession of a lighted cannabis product.

(19) Supplier. – A person licensed pursuant to G.S. 90-113.119 to supply cannabis and cannabis-infused products as authorized by this Article. A supplier cultivates cannabis, owns and operates one or more medical cannabis centers, and owns and operates one or more production facilities as set forth in G.S. 90-113.119.

(19a) Supplier identification cardholder. – A person who has been issued a supplier registry identification card.

(19b) Supplier registry identification card. – A document issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.120(f).

(20) Usable cannabis. – The dried buds and mature female flowers of the plant of the genus Cannabis, and any mixture or preparation thereof, that are appropriate for medical use as provided in this Article.

(21) Vaping. – The use of a product which heats a liquid or other form of cannabis in a manner so as to release an aerosol.

(22) Written certification. – A statement signed by a physician with whom the patient has a bona fide physician-patient relationship indicating the following:

a. In the physician's professional opinion, the patient has a debilitating medical condition.

b. The patient's debilitating medical condition.

c. In the physician's professional opinion, the potential health benefits of the medical use of cannabis would likely outweigh the health risk for the patient.

d. The delivery method of the cannabis.

e. The amount and dosage of the cannabis or cannabis-infused product, not to exceed an adequate supply.

f. The period of time for which the written certification is valid, not to exceed one year.

g. The physician's DEA number.

h. The physician's national provider identification number, if the physician has a national provider identification number.

i. Any other information required by the Commission.

"**§ 90-113.113. Compassionate Use Advisory Board; membership; terms; meetings; quorum; expenses.**

(a) Advisory Board Established. – The Compassionate Use Advisory Board is established and shall consist of 11 members as follows:

(1) The Governor shall appoint members to the Advisory Board as follows:

a. A medical doctor recommended by the North Carolina Medical Board, who may be a former or current member of the North Carolina Medical Board.

b. A medical doctor or doctor of osteopathy licensed in the State specializing in primary care.

c. A medical doctor or doctor of osteopathy who is board-certified to practice addiction medicine in the State.

d. A research scientist with expertise in the field of cannabinoid medicine.

e. A pharmacist licensed in the State.

f. A registry identification cardholder or, for an appointment made before registry identification cards are issued, one person with a debilitating medical condition who intends to use cannabis.

g. A parent of a minor qualified patient or, for an appointment made before registry identification cards are issued, one parent of a minor with a debilitating medical condition who intends to use cannabis.

(2) Two members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(3) Two members appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(b) Terms. – Members of the Advisory Board shall serve a four-year term, beginning effective July 1 of the year of appointment, and may be reappointed to a second four-year term.

(c) Chair. – The members of the Advisory Board shall elect a chair. The chair shall serve a two-year term and may be reelected.

(d) Vacancies. – Any appointment to fill a vacancy on the Advisory Board created by the resignation, dismissal, death, or disability of a member shall be made by the original appointing authority and shall be for the balance of the unexpired term.

(e) Meetings. – The Advisory Board shall meet at least two times per year for the purpose of reviewing petitions to add debilitating medical conditions.

(f) Power. – The Advisory Board shall have the power to approve adding a debilitating medical condition by a majority vote of the members present and voting.

(g) Quorum. – Seven members of the Advisory Board shall constitute a quorum for the transaction of business.

(h) Administration Support. – All administrative support and other services required by the Advisory Board shall be provided by the Department.

(i) Expenses. – The members of the Advisory Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

"**§ 90-113.114. Physician requirements.**

(a) Continuing Medical Education. – Before providing a written certification to a qualified patient, a physician shall complete a 10-hour continuing medical education course on the prescribing of medical cannabis. A physician shall complete a three-hour supplemental continuing medical education course thereafter in any year in which the physician issues a written certification. Records documenting compliance with continuing medical education requirements must be maintained for six consecutive years and may be inspected by the Department or by the North Carolina Medical Board or its agents.

(b) Required Topics of Continuing Medical Education. – The initial 10-hour continuing medical education course shall include, among other topics, training on the following: indications, benefits, risks, and adverse outcomes of medical cannabis use; assessing mental health and substance use disorder patient and family history; screening for clinical high risk for psychosis; assessing for development of mental health symptoms, including symptoms of psychosis; and initial and ongoing assessment for substance use disorders, including cannabis use disorder.

(c) Bona Fide Physician-Patient Relationship. – A physician shall issue a written certification only for a patient with whom the physician has a bona fide physician-patient relationship.

(d) Physical Location in State. – A physician shall have a physical office location in North Carolina in which to conduct in-person examinations.

(e) Risk Screening. – A physician shall assess each patient for the initial and ongoing risk of mental health and substance use disorders and for the development of mental health and substance use disorders.

(f) Use of Electronic Registry. – A physician shall issue a written certification for a qualified patient in the electronic medical cannabis registry database as specified by the Department.

(g) Patient Education. – Upon initial written certification and at least annually thereafter, a physician shall provide education to a qualified patient on the risk and symptoms of cannabis use disorder, the risk and symptoms of cannabis-induced psychosis, and the risk of impairment while operating a motor vehicle under the influence of cannabis or cannabis-infused products.

(h) Follow-Up Care and Treatment. – A physician shall reevaluate a patient for whom the physician has issued a written certification as frequently as necessary to determine the efficacy of the use of cannabis as a treatment for the patient's particular medical condition, the appropriateness of the delivery method and dosage included in the written certification, and any adverse side effects. Such reevaluation shall occur at least quarterly in the first year and at least annually thereafter. The physician shall check the patient's prescription history in the Controlled Substances Reporting System when renewing a written certification. The Commission may set a shorter interval for mandatory patient reevaluations and may set requirements for in-person physical examination during reevaluations.

(i) Requirement to Update Registry. – A physician shall update the medical cannabis registry database within 48 hours after any change is made to the original written certification to reflect such change, including deactivation of a written certification.

(j) Monitoring of Written Certifications. – The Department shall monitor physician written certifications in the medical cannabis registry database for practices that could facilitate diversion or misuse of cannabis or other harm and shall refer cases to the North Carolina Medical Board and the State Bureau of Investigation as appropriate. The Department may conduct outreach and education to physicians who represent statistical outliers in any manner of their issuing of written certifications. The Department shall, upon request, provide information contained in the medical cannabis registry database to the North Carolina Medical Board.

(k) Site of Evaluation. – A physician may not evaluate patients on the site of a medical cannabis center.

(*l*) Advertising. – A physician is prohibited from advertising the physician's ability to issue written certifications.

(m) Prohibit Conflict. – A physician who provides written certifications to qualified patients may not be employed by or have any direct or indirect financial interest in a supplier or independent testing laboratory. A physician who provides written certifications to qualified patients may not directly or indirectly profit from a patient obtaining a written certification. This prohibition shall not prohibit a physician from charging an appropriate fee for patient visits.

(n) Rules. – The Commission may adopt rules regarding physicians to ensure the protection of individuals with a debilitating medical condition, the prevention of diversion, and the integrity of the medical cannabis system.

"**§ 90-113.115. Registry identification cards for qualified patients and designated caregivers.**

(a) Applications, Issuance, and Expiration of Registry Identification Cards. – The Department shall issue or renew a registry identification card to the following individuals:

(1) Any individual who applies to the Department on forms prescribed by the Department demonstrating that the individual is a qualified patient with a debilitating medical condition for which a physician has issued a written certification.

(2) Any individual who is at least 21 years of age who has (i) been named as a designated caregiver in a registry identification card application submitted by a qualified patient and (ii) agreed to serve as that qualified patient's designated caregiver. The Department may issue a registry identification card to a maximum of two designated caregivers named in a qualified patient's

approved application. An individual may serve as a designated caregiver for a maximum of two qualified patients. The Commission may by rule create exceptions to the limit on the number of designated caregivers a qualified patient may have and exceptions to the limit on the number of qualified patients a designated caregiver may serve. The Commission may establish rules to allow a facility to serve as a designated caregiver.

The Department shall issue a registry identification card to an applicant within 14 business days after approving an application or renewal. The initial or renewal registry identification card expires one year after the date of issuance.

(b) Qualified Patients Under Age 18. – The Department may not issue or renew a registry identification card to a qualified patient under 18 years of age unless each of the following criteria is met:

(1) The qualified patient's physician has explained the potential risks and benefits of the medical use of cannabis to the qualified patient and to a parent, guardian, or person having legal custody of the qualified patient.

(2) The qualified patient's physician restricts the qualified patient's use of cannabis to a noninhalation consumption method, and the qualified patient and the qualified patient's designated caregivers agree to comply with this restriction.

(3) A parent, guardian, or person having legal custody of the qualified patient consents in writing to (i) allow the qualified patient's medical use of cannabis, (ii) serve as one of the qualified patient's designated caregivers, and (iii) control the acquisition of the cannabis, the dosage, and the frequency of the medical use of cannabis by the qualified patient.

(c) Review of Applications. – The Department shall verify the information contained in a registry identification card application or renewal application submitted pursuant to this section and shall approve or deny an application or renewal application within 45 days after receipt.

(d) Denials and Appeals. – The Department may deny a registry identification card application or renewal application only if the applicant fails to provide the information required pursuant to this section or if the Department determines that the application or renewal application contains false information. Denials may be appealed by filing a contested case petition under Article 3 of Chapter 150B of the General Statutes. Article 4 of Chapter 150B of the General Statutes governs judicial review of an administrative decision made under this section.

(e) Registry Identification Card Information. – Each registry identification card issued by the Department shall be printed with tamper-resistant technology and shall contain at least all of the following information:

(1) The name of the cardholder.

(2) The address of the cardholder.

(3) The cardholder's date of birth.

(4) A designation of whether the cardholder is a designated caregiver or qualifying patient.

(5) The date of issuance and expiration date of the registry identification card.

(6) A random alphanumeric identification number that is unique to the cardholder.

(7) If the cardholder is a designated caregiver, the random alphanumeric identification number of the qualifying patients that the designated caregiver is authorized to assist.

(8) A photograph of the cardholder.

(9) The delivery method of the cannabis.

(f) Notification of Changes. – Individuals issued registry identification cards are subject to all of the following:

(1) A qualified patient who has been issued a registry identification card shall notify the Department of any change in the qualified patient's name, address, or designated caregiver and submit a fifty dollar ($50.00) fee to the Department within 15 days after the change occurs. A qualified patient who fails to notify the Department of any of these changes within the specified time frame commits an infraction and is subject to a fine not to exceed one hundred dollars ($100.00).

(2) A designated caregiver shall notify the Department of any change in name or address and submit a fifty dollar ($50.00) fee to the Department within 15 days after the change occurs. A designated caregiver who fails to notify the Department of any of these changes within the specified time frame commits an infraction and is subject to a fine not to exceed one hundred dollars ($100.00).

(3) When a qualified patient or designated caregiver notifies the Department of any change, as required by this subsection, the Department shall issue the qualified patient and each designated caregiver a new registry identification card within 10 days after receiving the updated information and the fifty dollar ($50.00) fee.

(4) When a qualified patient who possesses a registry identification card notifies the Department of a change in designated caregiver, the Department shall notify the designated caregiver of record of the change within 15 days after receiving notification of the change. The protections afforded under this Article to the designated caregiver of record shall expire 30 days after the designated caregiver of record is notified by the Department of the change in designated caregiver.

(5) If a qualified patient or a designated caregiver loses a registry identification card, the cardholder shall notify the Department within 15 days after losing the card. The notification shall include a fifty dollar ($50.00) replacement fee for a new card. Within five days after receiving notification of a lost registry identification card, the Department shall issue the cardholder a new registry identification card with a new random identification number.

(g) Suspensions or Revocations. – If the Department determines that a qualified patient or designated caregiver has violated any provision of this Article, the Department shall suspend or revoke the qualified patient's or designated caregiver's registry identification card. Suspensions or revocations may be appealed by filing a contested case petition under Article 3 of Chapter 150B of the General Statutes.

(h) Rules. – The Department shall adopt rules to implement the provisions of this section. The rules shall establish requirements for the issuance of registry identification cards to qualified patients and designated caregivers, which shall include at least all of the following:

(1) The method of demonstrating written certification, as defined in G.S. 90-113.112.

(2) The amount of the initial or renewal application fee, which shall not exceed fifty dollars ($50.00) per application or renewal application.

(3) The name, address, and date of birth of the qualified patient.

(4) The name, address, and telephone number of the qualified patient's physician.

(5) The name, address, and date of birth of each of the qualified patient's designated caregivers, if any.

(6) A limitation on the number of written certifications a physician may issue at any given time.

"**§ 90-113.116. Requirement to carry and disclose registry identification card or supplier registry identification card to law enforcement.**

If carrying cannabis or a cannabis-infused product, a registry identification cardholder or a supplier registry identification cardholder (i) shall carry the registry identification card or supplier registry identification card together with valid identification and (ii) when approached or addressed by a law enforcement officer, shall display both the registry identification card or supplier registry identification card and valid identification.

"**§ 90-113.117. Confidential Medical Cannabis Registry Database.**

(a) Confidential Medical Cannabis Registry Database. – The Department shall create a secure, confidential, electronic medical cannabis registry database of all qualified patients and designated caregivers to whom the Department has issued registry identification cards. Law enforcement agencies may contact the Department to confirm a registry identification cardholder's identity if the law enforcement agency is unable to verify the registry identification cardholder by using the medical cannabis verification system established by G.S. 90-113.127. The database shall consist of at least the following information:

(1) The name and address of the registry identification cardholder.

(2) The name, address, and hospital affiliation of the physician who issued the written certification of the qualified patient's debilitating condition.

(3) A photograph of the registry identification cardholder.

(4) The adequate supply of cannabis or cannabis-infused product prescribed to the qualified patient.

(5) The prescribed delivery method for the cannabis or cannabis-infused product for the qualified patient.

(b) Confidential Nature of Information Collected by Department. – Applications and supporting information submitted by qualified patients, including information regarding their designated caregivers and physicians, individual names, and other identifying information in the medical cannabis registry database, are confidential, exempt from the provisions of Chapter 132 of the General Statutes, and are not subject to disclosure, except to authorized employees of the Department as necessary to perform official duties of the Department and law enforcement agencies as allowed in this section.

(c) Penalty for Confidentiality Breaches. – Any person, including an employee or official of the Department or another State agency or local government, who breaches the confidentiality of information obtained pursuant to this section is guilty of a Class 2 misdemeanor; however, any fine imposed for a violation under this subsection shall not exceed one thousand dollars ($1,000).

(d) Reports of Falsified or Fraudulent Application Information to Law Enforcement Personnel. – Nothing in this section shall be construed to prevent Department employees from notifying law enforcement personnel about falsified or fraudulent information submitted to the Department by any individual in support of an application for a registry identification card.

"**§ 90-113.118. Medical Cannabis Production Commission.**

(a) Commission Established. – The Medical Cannabis Production Commission is established and shall consist of 11 members as follows:

(1) The Governor shall appoint members to the Medical Cannabis Production Commission as follows:

a. A qualified patient representative.

b. Two industry representatives, subject to the limitation that, although the industry representatives may participate in assisting with the process of adopting rules, the industry representatives must not participate in the license selection process if the industry representatives have applied for or have an affiliation with a medical cannabis supplier license applicant through family or business.

(2) The Secretary of the Department, or designee.

(3) The Director of the North Carolina State Bureau of Investigation, or designee.

(4) The Agriculture Commissioner, or designee.
(5) A sheriff designated by the North Carolina Sheriffs' Association.
(6) A chief of police designated by the North Carolina Association of Chiefs of Police.
(7) A member of the Compassionate Use Advisory Board appointed pursuant to G.S. 90-113.113(a)(1).
(8) A member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.
(9) A member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(b) Terms. – Members of the Commission shall serve terms of four years, beginning effective July 1 of the year of appointment, and may be reappointed to a second four-year term. The terms of members designated by subdivisions (a)(1), (a)(2), and (a)(4) of this section shall expire on June 30 of any year evenly divisible by four. The terms of the remaining members shall expire on June 30 of any year that follows by two years a year evenly divisible by four.

(c) Chair. – The members of the Commission shall elect a chair. The chair shall serve a two-year term and may be reelected.

(d) Vacancies. – Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be made by the original appointing authority and shall be for the balance of the unexpired term.

(e) Removal. – The appointing authority shall have the power to remove any member of the Commission appointed by that authority from office for misfeasance, malfeasance, or nonfeasance.

(f) Expenses. – The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(g) Quorum. – Five members of the Commission shall constitute a quorum for the transaction of business.

(h) Licensing Power. – The Commission shall have the power to approve applications for medical cannabis supplier licenses upon recommendation of the Department by a majority vote of the members present and voting. The Department shall evaluate the applications in accordance with G.S. 90-113.120 and submit a list of 20 recommended applicants to the Commission. The Commission shall approve 10 licenses from the list by a majority vote of the members present and voting. Each supplier shall not own and operate more than eight medical cannabis centers. Each supplier must operate at least one medical cannabis center in a Tier 1 county. For the purposes of this section, "Tier 1 county" shall mean the 2024 County Tier Designations published by the North Carolina Department of Commerce pursuant to G.S. 143B-437.08. In awarding the licenses, the Commission shall consider the following criteria:

(1) Priority shall be given to any supplier who commits to establishing a medical cannabis center in more than one Tier 1 county.
(2) Priority shall be given to any supplier who commits to establishing the eight allowed medical cannabis centers in a manner that demonstrates a commitment to ensure the equitable distribution of medical cannabis centers throughout the State in order for registry identification cardholders to access an adequate supply of cannabis and cannabis-infused products, while preventing an overconcentration of medical cannabis centers in any one area. The Commission may consider the population of each county in making this determination.

(i) License Suspension or Revocation. – The Commission may suspend or revoke a medical cannabis supplier license if the Commission determines that the licensee is not in substantial compliance with this Chapter or violates rules adopted by the Commission under subsection (k) of this section. The Department shall notify a licensee at least 14 days in advance

of a proposed suspension or revocation, including the reasons for the suspension or revocation and any possible remedial options available to the licensee. The Commission has the power to administer oaths and issue subpoenas to require the presence of persons and the production of papers, books, and records necessary to conduct a suspension or revocation hearing. The suspension or revocation may be appealed by filing a contested case petition under Article 3 of Chapter 150B of the General Statutes.

(j) All administrative support and other services required by the Commission shall be provided by the Department.

(k) Rules. – The Commission, in consultation with the North Carolina Medical Care Commission, shall have the authority to adopt rules to implement the provisions of this section, G.S. 90-113.119, 90-113.120, 90-113.121, and 90-113.122. Those rules shall become effective when adopted and, pursuant to the provisions of this Chapter, the rules shall do all of the following:

(1) Establish qualifications and requirements for licensure of suppliers, for the production of cannabis by a supplier, and for the proper regulation of medical cannabis centers and production facilities operated by suppliers.

(2) Ensure the equitable distribution of medical cannabis centers throughout the State in order for registry identification cardholders to access an adequate supply of cannabis and cannabis-infused products, while preventing an overconcentration of medical cannabis centers in any one area.

(3) Establish civil penalties for minor violations of the requirements of this Chapter and rules adopted under the authority provided in this subsection.

(*l*) Conflicts of Interest. – No member of the Commission shall own, operate, have a direct or indirect financial interest in, or be employed by a licensed medical cannabis supplier, or a licensed medical cannabis testing laboratory, or a subcontractor thereof. No member of the Commission shall be a qualified patient, a designated caregiver, or a physician who issues written certifications.

"**§ 90-113.119. Regulated medical cannabis supply system.**

(a) Medical Cannabis Supply System. – The Medical Cannabis Production Commission established in G.S. 90-113.118 shall establish a medical cannabis supply system that authorizes suppliers to produce cannabis and cannabis-infused products in licensed cannabis production facilities and distribute them through medical cannabis centers. In establishing the medical cannabis supply system, the Commission shall (i) provide a safe, regulated supply of cannabis appropriate for medical use by qualified registry identification cardholders issued under G.S. 90-113.115, (ii) ensure statewide access to safe and affordable cannabis to registry identification cardholders, (iii) establish a system that is well-regulated, includes a seed-to-sale tracking system, and is financially viable for suppliers to ensure the highest quality cannabis and cannabis-infused products for patients, and (iv) generate sufficient revenue for the Commission to oversee and for the Department to maintain and operate the system.

(b) The Commission shall adopt rules to regulate the medical cannabis supply system, to include, without limitation:

(1) Physical plant requirements.

(2) Odor control and mitigation.

(3) Security, to include video surveillance.

(4) Sanitation and workplace safety conditions.

(5) Employee training.

(6) Record keeping.

(7) Inventory limits and controls.

(8) Quality control.

(9) Reportable events.

(10) Procedures for mandatory and voluntary recall of unsafe cannabis or cannabis-infused products.
(11) Permitted pesticides to be used and in what amounts, if any.
(12) Limitations on the use of solvents or gases exhibiting potential toxicity to humans.
(13) Storage of cannabis and cannabis-infused products.
(14) Transportation of cannabis and cannabis-infused products.

(c) Seed-to-Sale Tracking System. – The Commission shall establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the Department, the Commission, and any State or local law enforcement agency in North Carolina to data from all production facilities, medical cannabis centers, and testing laboratories. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when cannabis seeds are planted, when cannabis plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Each medical cannabis supplier shall use the seed-to-sale tracking system established by the Commission or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the Commission. The Commission shall establish minimum requirements for the seed-to-sale tracking system used by a supplier. The Commission may contract with a vendor to establish the seed-to-sale tracking system. The vendor may not have a direct or indirect financial interest in a medical cannabis supplier or testing laboratory.

(d) Funding. – The General Assembly may appropriate funds for the initial development and implementation of the medical cannabis supply system, but neither the Department nor the Commission shall use any appropriations from the General Fund to operate the system. The intent of the General Assembly is that the system shall be funded solely by the fees authorized in this Article.

"**§ 90-113.120. Medical cannabis supplier license.**

(a) Definitions. – The following definitions apply in this section:
(1) Nonresident business. – An entity that has not been required to file an income or franchise tax return with the State for three years prior to filing an initial application for a medical cannabis supplier license that meets one or more of the following conditions:
a. Is a nonresident entity.
b. Is a nonresident individual who owns an unincorporated business as a sole proprietor.
(2) Nonresident entity. – Defined in G.S. 105-163.1.
(3) Nonresident individual. – Defined in G.S. 105-153.3.

(b) Prohibitions. – No person shall do any of the following without first obtaining a medical cannabis supplier license from the Commission:
(1) Grow, cultivate, produce, or sell cannabis or cannabis-infused products.
(2) Operate a business to produce cannabis or cannabis-infused products.
(3) Establish or operate a medical cannabis center for the sale of cannabis, cannabis-infused products, and paraphernalia relating to the administration of cannabis to qualified patients and designated caregivers who hold valid registry identification cards.

(c) Medical Cannabis Supplier License Application; Fees. – An applicant for a license under this subsection shall submit the required information on application forms provided by the Department. The application form shall require at least all of the following:
(1) The applicant's name and any legal names the applicant will use for facilities where the applicant will produce cannabis and for each medical cannabis center and production facility the applicant proposes to operate.

(2) The address of each property, location, or premises the applicant will use to produce cannabis, of each production facility the applicant will use to process cannabis or produce cannabis-infused products, and of each medical cannabis center the applicant will use to dispense or distribute cannabis.

(3) Documentation demonstrating that the applicant possesses:

a. Requisite expertise in controlled environment agriculture and the ability to engage in growing or processing of cannabis, as well as product development, quality control, and inventory management of cannabis meeting standards that the Commission shall specify by rule.

b. Technical and technological ability to cultivate, produce, and distribute medical cannabis in a manner that meets Commission standards for production consistency and safe handling.

c. Ability to secure cannabis production, testing, resources, transportation, and personnel to operate as a safe and secure supplier in compliance with all state regulations in which the applicant has prior experience.

(4) Proposed operating procedures for each production facility, medical cannabis center, and component of the applicant's proposed medical cannabis supply system, including record keeping and security requirements as the Commission shall specify by rule.

(5) The name, address, and date of birth of each principal officer and board member of the supplier.

(6) The name, address, and date of birth of each employee of the supplier.

(7) For first-year suppliers, a nonrefundable license fee in the amount of fifty thousand dollars ($50,000) plus five thousand dollars ($5,000) for each production facility or medical cannabis center the applicant proposes to operate under the license.

(8) For suppliers seeking license renewal, a nonrefundable renewal fee in an amount not less than ten thousand dollars ($10,000), plus five thousand dollars ($5,000) for each new production facility or medical cannabis center the supplier proposes to operate under the license, plus one thousand dollars ($1,000) for each existing production facility or medical cannabis center the supplier operates under the license as specified in rules adopted by the Commission pursuant to G.S. 90-113.118 and annual audited financial statements audited by an independent certified public accountant.

(9) Proof the applicant has been a State resident for at least two years and will be the majority owner of each medical cannabis center and production facility the applicant proposes to operate. The applicant may include nonresident partners with demonstrated ownership and operation experience in the cultivation, production, extraction, product development, quality control, and inventory management of cannabis products in a state-licensed medical or adult use cannabis operation and shall provide proof of state residency for any nonresident partner of the applicant.

(10) The name, address, and date of birth of any individual owning more than five percent (5%) of the medical cannabis center and production facility the supplier operates.

(11) Proof in a manner and amount as the Commission shall specify by rule that the applicant has sufficient liquid and nonliquid assets to operate as a supplier for two years as a part of the medical cannabis supply system established by this Article.

(12) If the applicant or proposed owners, officers, board members, or managers have engaged in medical or adult use cannabis operations in another state, evidence of compliance with applicable laws and regulations in that state.

(13) Any other information the Department considers necessary to ensure compliance with the terms of this Article.

(d) Duration. – Unless suspended or revoked, a medical cannabis supplier license is valid for a period not to exceed 12 months from the date of issuance.

(e) Renewal. – A supplier shall apply for renewal, as necessary, at least 30 days prior to the expiration of a current license.

(f) Supplier Registry Identification Cards and Fees. – The Department shall issue a supplier registry identification card to each owner, director, and employee listed on the application or renewal upon receipt of a two hundred fifty dollar ($250.00) fee per cardholder. The supplier registry identification card issued pursuant to this subsection must be issued no later than 30 days after a supplier has been granted a license pursuant to this Article. Each supplier registry identification cardholder shall carry the supplier registry identification card together with a valid identification whenever the supplier registry identification cardholder is possessing cannabis or cannabis-infused products as provided in this Article. Each supplier registry identification card shall be printed with tamper-resistant technology and shall contain at least all of the following information:

(1) The name of the cardholder.

(2) The date of birth of the cardholder.

(3) The name of the supplier.

(4) The name of the supplier's business.

(5) The address of the supplier's business.

(6) A random alphanumeric identification number that is unique to the cardholder.

(7) A photograph of the cardholder.

(g) Notification of Changes. – An applicant or supplier shall notify the Department of any change in the information submitted on the license application or renewal form within 30 days after the change.

(h) Availability of Records. – The records of a medical cannabis center operated by a supplier are subject to the same restrictions imposed on pharmacy records pursuant to G.S. 90-85.36. G.S. 90-85.36 applies to each medical cannabis center as if it were a pharmacy regulated under Article 4A of Chapter 90 of the General Statutes.

(i) Cannabis Production Site Card. – The Department shall issue a cannabis production site card to each supplier for each production facility approved under this section. The card shall be posted conspicuously at each production facility.

(j) Performance Requirements. – A supplier must begin cultivation of cannabis within 120 days of receiving a medical cannabis supplier license and begin selling cannabis and cannabis-infused products in medical cannabis centers within 270 days of initiating cultivation.

(k) Criminal History Record Check. – In order to ensure compliance with this section, the Department shall conduct a criminal history record check of any person whose name is submitted on an application as an owner, director, or an employee of the supplier. When requested by the Department, the North Carolina Department of Public Safety may provide to the Department a person's criminal history from the State Repository of Criminal Histories. Such requests shall not be due to a person's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined in G.S. 168A-3. For requests for a State criminal history record check only, the Department shall provide to the Department of Public Safety a form consenting to the check signed by the person to be checked and any additional information required by the Department of Public Safety. National criminal record checks are authorized for applicants who have not resided in the State of North Carolina during the past five years. For national checks, the Department shall provide to the North Carolina Department of

Public Safety the fingerprints of the person to be checked, any additional information required by the Department of Public Safety, and a form signed by the person to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Health and Human Services shall keep all information pursuant to this section confidential. The Department of Public Safety shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section. All releases of criminal history information to the Department shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the North Carolina Department of Public Safety. All of the information either department receives through the checking of the criminal history is privileged information and for the exclusive use of that department.

(*l*) Duty to Update. – In order to continue to hold a license under this Article, a supplier shall notify the Commission of any change in criminal history of any person required to be evaluated by the Department under this section. The Commission may reevaluate the supplier's eligibility for a license based on the notification and may modify or revoke the license or require issuance of a new license with appropriate terms to exclude disqualifying persons.

(m) Disqualifications for Licensure. – The Commission shall not issue a license authorized by this section to any of the following persons:

(1) A person who has not paid the appropriate license or license renewal fee.

(2) An individual who is less than 21 years of age.

(3) A person who has served a sentence for any of the following felonies in the five years immediately preceding the date of license application: any Class A through E felony; any felony that includes assault as an essential element of the offense; any felony under Article 14 (Burglary and Other Housebreakings) of Chapter 14 of the General Statutes; any felony under Article 16 (Larceny), Article 16A (Organized Retail Theft), Article 17 (Robbery), Article 18 (Embezzlement), Article 19 (False Pretenses and Cheats), Article 19A (Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means), Article 19B (Financial Transaction Card Crime Act), or Article 19C (Financial Identity Theft) of Chapter 14 of the General Statutes.

(4) A person (or, with respect to a person who is not an individual, an owner, director, or employee of the person) who at any time has been convicted of a felony violation for manufacturing, selling, delivering, or possessing with intent to manufacture, sell, deliver, or possess a Schedule I or II controlled substance, in violation of G.S. 90-95(b)(1).

(5) Except as otherwise provided in this subdivision, a person who has not been a resident of North Carolina for at least two years prior to the date of the license application, unless that person is a minority partner of a State resident who is the majority owner of the applicant. With respect to a person who is not an individual, a person that is a nonresident business.

(6) A person who has had a license previously revoked by the Commission.

(7) A person who has been convicted in federal court or in any other jurisdiction of an offense which is substantially similar to a disqualifying offense contained in subdivision (3) or (4) of this subsection.

(n) Administrative and Judicial Review. – Articles 3 and 4 of Chapter 150B of the General Statutes govern administrative and judicial review of an administrative decision made under this section.

"**§ 90-113.121. Restrictions on supplier sales and supply.**

(a) Restrictions on Sales and Supply. – A person licensed as a supplier under this Article is subject to the following sales and supply restrictions:

(1) The supplier may sell cannabis and cannabis-infused products only through the medical cannabis center that the supplier is licensed to operate under this Article. A medical cannabis center shall not sell cannabis, cannabis-infused products, or paraphernalia relating to the administration of cannabis to any person other than a qualified patient, designated caregiver, or except as provided in this section. A medical cannabis center shall not sell cannabis or cannabis-infused products in an amount that exceeds an adequate supply to any qualified patient or designated caregiver.

(2) The supplier may sell only cannabis grown by the supplier at the production facilities approved under this Article. Except as provided in this section, the supplier shall not sell cannabis, cannabis plants, cannabis seeds, or cultivation equipment to any other person other than through the medical cannabis center that the supplier is licensed to operate.

(b) Resale. – The supplier may sell cannabis or cannabis-infused products for resale to another licensed supplier.

"**§ 90-113.122. Supplier reporting; monthly fees; fines; audit.**

(a) Reports. – Each supplier licensed under this Article shall submit monthly reports to the Department on all financial transactions, including, but not limited to, production, sales and purchases of cannabis and cannabis-infused products, and transfers of cannabis and cannabis-infused products for no consideration with respect to each medical cannabis center and production facility operated by the supplier. Each supplier licensed under this Article shall report quarterly to the Commission on all cannabis or cannabis-infused products the supplier sold or manufactured in the previous quarter.

(b) Monthly Fee. – Each supplier licensed under this section shall pay to the Department a monthly fee equal to ten percent (10%) of the gross revenue derived from the sale of cannabis and cannabis-infused products at all medical cannabis centers operated by the supplier.

(c) Construction. – Nothing in this section shall be construed to exempt persons licensed under this section from the reporting or remittance of sales tax for any transaction upon which a sales tax may be levied.

(d) Fines. – The Department may, in addition to or in lieu of any other penalties imposed under this Article, impose a fine of up to ten thousand dollars ($10,000) on a supplier for any of the following violations:

(1) Violating a statute or Commission rule.

(2) Failing to maintain qualifications for approval.

(3) Endangering the health, safety, or security of a qualified patient.

(4) Improperly disclosing confidential information of a qualified patient.

(5) Making or filing a report or record that the supplier knows to be false.

(6) Willfully failing to maintain a record required by law or rule.

(7) Willfully impeding or obstructing an employee or agent of the Department in the furtherance of his or her official duties.

(8) Engaging in fraud or deceit, negligence, incompetence, or misconduct in the business practices of a medical cannabis supplier.

(9) Making misleading, deceptive, or fraudulent representations in or related to the business practices of a medical cannabis supplier.

(10) Violating a lawful order of the Department or an agency of the State, or failing to comply with a lawfully issued subpoena of the Department or an agency of the State.

Where there are multiple incidents resulting in more than one violation of the same provision, the Department may impose a fine, up to the maximum, for each violation. For violations that

are ongoing and continuous in nature, each day a violation continues constitutes a distinct violation. The Commission may establish criteria for fine amounts. A supplier may appeal the imposition of fines by the Department to the Commission, and the Commission shall adopt rules governing such appeals.

(e) Audit. – The Commission may require in its discretion an audit of the financial transactions of a supplier to be conducted by an independent certified accountant. The Department reserves the right to select the independent certified accountant to be used for the audit. The supplier shall be responsible for all costs associated with the audit.

"**§ 90-113.123. Qualified exemption from criminal laws for suppliers.**

(a) Exemption from Criminal Laws. – A supplier, or a supplier's employee, agent, or principal, is exempt from the criminal laws of this State for possession, production, delivery, or transportation of cannabis or aiding and abetting another in the possession, production, delivery, or transportation of cannabis or any other criminal offense in which possession, production, delivery, or transportation of cannabis is an element if the person is in compliance with this Article and rules adopted under this Article.

(b) Loss of Exemption from Criminal Laws. – A supplier, or a supplier's employee, agent, or principal, ceases to be exempt as provided in subsection (a) of this section upon committing any of the following acts:

(1) Delivering cannabis to any individual who the person knows or has reason to know is not a qualified patient or designated caregiver who holds a valid registry identification card issued under G.S. 90-113.115, or a supplier who holds a license under G.S. 90-120.

(2) Manufacturing or distributing cannabis at an address not registered with the Department.

(3) Failing to report transfer of cannabis authorized under this Article to the Department.

(4) Otherwise producing, possessing, distributing, or dispensing cannabis or cannabis-infused products in a manner not consistent with this Article.

(c) Nothing in this section shall be construed to extend the protections of this section to any person, including a supplier, or a supplier's employee, agent, or principal, to allow that person to acquire, possess, manufacture, produce, use, sell, distribute, dispense, or transport cannabis in a manner that is not consistent with this Article.

"**§ 90-113.124. Protections for the medical use of cannabis; possession by registry identification cardholders protected.**

(a) A registry identification cardholder shall not be subject to arrest, prosecution, or penalty in any manner for the possession or purchase of cannabis for medical use by the qualified patient if the quantity of usable cannabis possessed or purchased does not exceed an adequate supply, as determined by the qualified patient's physician, and the cannabis or cannabis-infused product is contained in packaging bearing the label required by G.S. 90-113.132.

(b) If usable cannabis is infused or added as an ingredient to an edible cannabis product, salve, tincture, or any other preparation to be consumed or used by a qualified patient, the weight of the other ingredients that are not usable cannabis shall not be included for the purpose of determining whether a qualified patient is in possession of an amount of cannabis that exceeds the qualified patient's adequate supply.

(c) When an employee, officer, or agent of the State makes a finding, determination, or otherwise considers a qualified patient or designated caregiver's possession or use of cannabis, or a cannabis-infused product, the employee, officer, or agent may not consider the qualified patient or designated caregiver's possession or use any differently than the lawful possession or use of any prescribed controlled substance, if the qualified patient or designated caregiver's possession or use complies with this Article.

(d) Nothing in this section shall be construed to extend the protections of this section to any person, including a qualified patient, or a designated caregiver, to allow that person to acquire, possess, manufacture, produce, use, sell, distribute, dispense, or transport cannabis in a manner that is not consistent with this Article.

"**§ 90-113.125. Smoking and vaping prohibited in certain places.**

(a) Nothing in this Article shall authorize a registry identification cardholder to engage in the smoking of cannabis or the vaping of cannabis for medical use in the following places:

(1) In a public place or a place open to the public.

(2) In any place of employment.

(3) In a vehicle.

(4) In or within 1,000 linear feet of the property line of a church, unless the medical use occurs within a private residence.

(5) In or within 1,000 linear feet of the property line of a child care facility as defined in G.S. 110-86(3), unless the medical use occurs within a private residence. When a private residence is a child care facility, the smoking of cannabis and the vaping of cannabis is prohibited.

(6) In or within 1,000 linear feet of the property line of a public school unit or any nonpublic school as defined in Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, unless the medical use occurs within a private residence.

(7) In or within 1,000 linear feet of the property line of a community college or the facilities of The University of North Carolina and the grounds of those facilities as defined in G.S. 143-597(a)(6), unless the medical use occurs within a private residence. Smoking or vaping is permitted inside buildings that are used for medical or scientific research to the extent that smoking or vaping is an integral part of the research. Smoking or vaping permitted under this subdivision shall be confined to the area where the research is being conducted.

(b) Any individual who engages in the smoking of cannabis or the vaping of cannabis in violation of this section shall be guilty of an infraction and punished by a fine of not more than twenty-five dollars ($25.00).

"**§ 90-113.126. Violations; penalties; and enhanced sentence for trafficking related to medical cannabis.**

(a) Any person who manufactures, sells, delivers, or possesses with intent to manufacture, sell, or deliver cannabis in violation of this Article at a medical cannabis center or production facility shall be punished as a Class G felon.

(b) Any person who creates, sells, delivers, or possesses with intent to sell or deliver counterfeit cannabis in violation of this Article at a medical cannabis center or production facility shall be punished as a Class H felon.

(c) Any person who possesses an amount of cannabis up to 1 1/2 ounces in violation of this Article, at a medical cannabis center or production facility, shall be deemed guilty of a Class A1 misdemeanor.

(d) Any person who possesses an amount of cannabis that exceeds 1 1/2 ounces in violation of this Article, at a medical cannabis center or production facility, shall be punished as a Class H felon.

(e) Any person that provides the Department with false or misleading information in relation to a registry identification card or license shall be deemed guilty of a Class 1 misdemeanor.

(f) Any person who has been issued a valid registry identification card who is found to be in possession of cannabis in violation of this Article shall be punished as a Class I felon.

(g) If a person is convicted of a violation of G.S. 90-95(h)(1), and it is found that the offense was committed at a medical cannabis center or production facility or with cannabis from a medical cannabis center or production facility, then the person shall be sentenced at a felony class level one class higher than the principal felony for which the person was convicted, and an additional 12 months will be added to the mandatory minimum sentence. No defendant sentenced pursuant to this section shall be sentenced at a level higher than a Class C felony. An indictment or information for the felony shall allege in that indictment or information the facts that qualify the offense for an enhancement under this section. One pleading is sufficient for all felonies that are tried at a single trial.

(g1) Closed Containers. – It shall be unlawful for any person to possess cannabis or a cannabis-infused product, other than in a closed retailer's container as packaged, in a passenger compartment of a vehicle in a public vehicular area or on a public street or highway. Violation of this subsection shall be punished as a Class 3 misdemeanor.

(g2) Fraudulent Use of Identification. – It is unlawful for any person to enter or attempt to enter a licensed medical cannabis center where cannabis or a cannabis-infused product is sold, or to obtain or attempt to obtain cannabis or a cannabis-infused product, or to obtain or attempt to obtain permission to purchase cannabis or a cannabis-infused product, by using or attempting to use a fraudulent or altered registry identification card. Violation of this subsection shall be punished as a Class 2 misdemeanor.

(h) These penalties may be imposed in addition to any other penalties provided by law.

"**§ 90-113.127. North Carolina medical cannabis verification system.**

(a) Verification System. – The Department shall establish a secure web-based verification system. The verification system shall allow authorized Department personnel, State and local law enforcement personnel, and medical cannabis centers to enter a registry identification card number to determine whether the number corresponds with a current, valid registry identification card. For the purposes of this subsection, the system may disclose only:

(1) Whether the registry identification card is valid.

(2) The name, address, and date of birth of the cardholder.

(3) A photograph of the cardholder, if required by Department rules.

(4) Whether the cardholder is a qualifying patient or a designated caregiver.

(5) The registry identification card number of any associated qualifying patients or designated caregivers.

(6) Only if accessed by a medical cannabis center employee or authorized Department personnel, the amount of cannabis and cannabis-infused products dispensed in the past 30 days.

(7) The delivery method of the cannabis.

(8) The adequate supply of the cannabis or cannabis-infused product.

(b) Verification System Access. – No person or entity may have access to information contained in the Department's verification system, except for an authorized employee of the Department in the course of official duties or a State or local law enforcement officer in the course of official duties related to a person who claims to be a qualifying patient, designated caregiver, supplier, or supplier agent engaged in conduct authorized in this Article.

(c) Requirement to Check. – Before cannabis or cannabis-infused products may be dispensed to a registry identification cardholder, a medical cannabis center employee shall access the verification system and determine that:

(1) The registry identification card presented at the medical cannabis center is valid.

(2) Each person presenting a registry identification card is the person identified on the registry identification card presented to the medical cannabis center employee.

(3) The amount to be dispensed would not cause a qualifying patient, directly or via the qualifying patient's designated caregiver, to exceed the limit on obtaining no more than an adequate supply of cannabis or cannabis-infused products during any 30-day period.

(4) The cannabis to be dispensed complies with the delivery method.

(5) After making the determinations required in subdivisions (3) and (4) of this subsection, but before dispensing cannabis or cannabis-infused products to a registry identification cardholder, a medical cannabis center employee shall enter the following information in the verification system:

a. How much cannabis or cannabis-infused product is to be dispensed to the registry identification cardholder.

b. Whether the cannabis or cannabis-infused product is to be dispensed directly to the qualifying patient or to the qualifying patient's designated caregiver.

c. The date and time the cannabis or cannabis-infused product is to be dispensed.

d. The registry identification number of the medical cannabis center that dispensed the cannabis or cannabis-infused product.

"**§ 90-113.128. Inspections; security measures.**

(a) Inspection. – The Department shall perform annual inspections of the premises of any person licensed under this section, including any production facility or medical cannabis center. All production facilities and medical cannabis centers owned and operated by a supplier are subject to random inspection by the Department, and the North Carolina State Bureau of Investigation in accordance with rules adopted by the Commission, which shall be developed by the Commission after consulting with and receiving input from the North Carolina State Bureau of Investigation.

(b) Security Measures. –

(1) Suppliers shall implement appropriate security measures in accordance with rules adopted by the Commission, which shall be developed by the Commission after consulting with and receiving input from the North Carolina State Bureau of Investigation, designed to deter and prevent the theft of cannabis and cannabis-infused products and unauthorized entrance into areas containing cannabis or cannabis-infused products.

(2) All production facilities shall conduct cultivation, harvesting, processing, and packaging of cannabis and cannabis-infused products in a controlled, secure facility at a physical address provided to the Commission during the medical cannabis supplier license application process. A production facility may only be accessed by a supplier or a supplier's employee or agent, authorized Department personnel, law enforcement personnel, emergency personnel, and adults who are 21 years of age and older who are accompanied by a supplier or supplier's agents or principals.

"**§ 90-113.129. Medical cannabis center restrictions.**

(a) Hours. – A medical cannabis center licensed under this Article shall not sell cannabis or cannabis-infused products between the hours of 7:00 P.M. and 7:00 A.M.

(b) Location. – A medical cannabis center shall not be located within 1,000 linear feet of the property line of any of the following places:

(1) A church.

(2) A child care facility as defined in G.S. 110-86(3).

(3) A public school unit or any nonpublic school as defined in Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes.

(4) A community college or the facilities of The University of North Carolina and the grounds of those facilities as defined in G.S. 143-597(a)(6).

(c) Limited Entry. – Entry to medical cannabis centers shall be strictly limited to qualified patients, designated caregivers, and persons whose job duties require their presence in the medical cannabis center, including employees and contractors of the medical cannabis center and State employees with an inspection or regulatory role. The Commission may set other limitations as necessary to protect the public.

(d) Employee Age. – Employees of a medical cannabis center must be 21 years of age or older.

(e) Consumption Prohibited. – Consumption of cannabis or cannabis-infused products on the site of a medical cannabis center is prohibited.

(f) Products. – The only products that may be sold in a medical cannabis center are cannabis and cannabis-infused products and paraphernalia relating to the administration of cannabis and cannabis-infused products.

(g) Visibility Restriction. – Cannabis, cannabis-infused products, and paraphernalia shall not be visible to the public from the outside of the medical cannabis center.

(h) Delivery. – The Commission may establish rules to allow the delivery of cannabis, cannabis-infused products, and paraphernalia used to administer cannabis products by medical cannabis centers to the home of a qualified patient or a designated caregiver in a manner that ensures public safety, the safety of persons delivering the products, and the prevention of diversion.

"**§ 90-113.130. Testing of cannabis and cannabis-infused products.**

(a) The Department shall establish standards for and shall license up to five independent testing laboratories to test cannabis and cannabis-infused products that are to be sold in the State. An independent testing laboratory shall analyze a representative sample of all cannabis or cannabis-infused products before the sale or transfer to a medical cannabis center by a production facility. An independent testing laboratory shall report the results of all required testing to the Department and to the Medical Cannabis Production Commission. The Commission shall have the authority to conduct its own testing of cannabis or cannabis-infused products in coordination with the Department.

(b) An independent testing laboratory shall be responsible for selecting, picking up, and testing product samples.

(c) The Department shall adopt rules to establish the following, at a minimum:

(1) Standards for testing cannabis and cannabis-infused products, including active ingredient analyses, potency analyses, homogeneity requirements, and specifying prohibited concentrations of heavy metals, pesticides, residual solvents, microbiological contaminants, mycotoxins, and other contaminants that are injurious to human health.

(2) Standards for independent testing laboratories, including requirements for equipment and qualifications for personnel.

(3) Standards and requirements necessary for an independent testing laboratory to be licensed and for the renewal, suspension, and revocation of the license.

(4) Remedial actions to be taken if the representative sample does not meet the standards established by the Department.

(5) The amount of the licensing fee payable to the Department by an independent testing laboratory.

(d) No individual who owns, operates, has a direct or indirect financial interest in, or is employed by an independent testing laboratory shall own, operate, have a direct or indirect financial interest in, or be employed by a supplier, a production facility, or a medical cannabis center.

"**§ 90-113.131. Advertising.**

(a) The production facility or medical cannabis center logo, signage, and advertising shall be tasteful, respectful, and medically focused and shall not appeal to minors or contain cartoon-like figures or attempts at humor. Suppliers are prohibited from using marijuana leaves or slang for cannabis or cannabis-infused products in or on their logos, packaging, or structures. Suppliers may not use neon-colored signage, logos, or packaging or neon-colored signage or logos on structures. The supplier shall submit any logo or sign for review to the Department in accordance with Department rules.

(b) Notwithstanding any municipal or county ordinance prohibiting signage, the medical cannabis center shall only use signage that includes the medical cannabis center's name, logo, and hours of operation.

(c) A medical cannabis supplier or medical cannabis center shall not:

(1) Advertise in any manner that is viewable or can otherwise be perceived in a public space, including, but not limited to, billboards, bus wraps, signs on vehicles or benches, adopt-a-highway signs, or any format that may be viewable from sidewalks, walkways, or roads.

(2) Distribute handbills in public areas.

(3) Advertise on television, radio, print, digital, or electronic media.

(4) Engage in advertising via marketing directed toward location-based devices or electronic devices, including, but not limited to, cellular phones.

(5) Engage in any form of advertising which promotes the application or registration of people as qualified patients or promotes the services of a physician or any other party which facilitates such application or registration.

(6) Publicly sponsor sporting events, concerts, or other community or cultural events.

(7) Sell or give away promotional products such as t-shirts or any other items containing the name of the medical cannabis center.

(8) Make therapeutic or health benefit claims related to cannabis or cannabis-infused products.

(d) The Commission may take action against a licensee or designated retailer who engages in nonconforming signage or advertising, including specifying a period of time by which the licensee or designated retailer shall cease or remove the noncompliant signage or advertising or risk a fine, suspension of the license, or both.

(e) A medical cannabis center may maintain a website that includes information about:

(1) The location and hours of operation of the medical cannabis center.

(2) The product or service available at the medical cannabis center.

(3) The personnel affiliated with the medical cannabis center.

(4) The best practices that the medical cannabis center upholds.

(5) Educational material related to the medical use of cannabis, as defined by the Department.

(f) All production facilities and medical cannabis centers owned and operated by a supplier shall maintain a discreet, professional appearance that is compatible with existing commercial structures or land uses within the immediate area, including requirements to maintain the production facility or medical cannabis center in a manner to prevent blight, deterioration, diminishment, or impairment of property values within the vicinity.

(g) Advertisement of cannabis or cannabis-infused products in any manner except as allowed in this Article is prohibited.

(h) The Department, in consultation with the Commission, shall adopt rules to define and monitor standards for a medical cannabis center's name, signage, and logo to ensure a medical rather than recreational disposition.

"**§ 90-113.132. Packaging of cannabis and cannabis-infused products.**

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

(1) Child-resistant packaging. – A package that is designed or constructed to be significantly difficult for children under 5 years of age to open and not difficult for normal adults to use properly, substantially similar to those defined by 16 C.F.R. § 1700.20 (1995), opaque so that the packaging does not allow the product to be seen without opening the packaging material, and resealable for any product intended for more than a single use or containing multiple servings.

(2) Exit packaging. – A sealed, child-resistant packaging receptacle into which pre-packaged cannabis products are placed at the retail point of sale at a medical cannabis center.

(b) Suppliers shall safely package and accurately label cannabis or cannabis-infused products. All items sold at a medical cannabis center shall be properly labeled and contained in child-resistant packaging. Labels shall not include strain names but may include cannabinoid and terpene profiles for identification. Each label shall comply with State laws and rules and, at a minimum, shall include:

(1) The name of the medical cannabis center.

(2) The percentage of tetrahydrocannabinol and the percentage of cannabidiol within a profile tolerance range of ten percent (10%). For edible cannabis products, the cannabinoid profile should be listed by milligrams per serving.

(3) The name of the production facility.

(4) A conspicuous statement printed in all capital letters and in a color that provides a clear contrast to the background that reads, "NOT FOR RESALE. FOR MEDICAL USE ONLY. KEEP OUT OF THE REACH OF CHILDREN AND ANIMALS."

(5) The length of time it typically takes for the product to take effect.

(6) For edible cannabis-infused products, the disclosure of ingredients, possible allergens, nutritional fact panel, and a standard symbol indicating that the product contains cannabis.

(7) The batch number and the harvest number from which the cannabis originates.

(8) The name of the qualified patient.

(9) The name of the physician who issued the written certification.

(10) The recommended dose according to the written certification.

(c) All cannabis products purchased in medical cannabis centers shall be placed in child-resistant exit packaging before leaving the medical cannabis center.

(d) The Department shall adopt rules to do, at a minimum, all of the following:

(1) Establish requirements and procedures for the safe, uniform, appropriate, and accurate packaging and labeling of cannabis and cannabis-infused products for human consumption, including prohibiting the use of any images designed or likely to appeal to minors, including cartoons, toys, animals, or children; any other likeness to images, characters, or phrases that are popularly used to advertise to children; or any imitation of candy packaging or labeling.

(2) Establish requirements to ensure that cannabis and cannabis-infused products for human consumption are designed, marketed, and packaged in a manner that is appropriate for a medicinal product and that does not resemble commercially sold candies or other food that is typically marketed to children.

(3) Establish restrictions on the forms and appearance of edible cannabis-infused products in order to reduce their appeal to minors, including prohibiting edible cannabis products in the shapes of cartoons, toys, animals, or people.

"**§ 90-113.133. Disposal of cannabis.**

(a) All production center cannabis by-product, cannabis scrap, and harvested cannabis not intended for distribution to a medical cannabis center or independent testing laboratory shall

be destroyed and disposed of in accordance with Department rules. Documentation of destruction and disposal shall be retained by the production center for a period of not less than one year. The production center shall maintain a record of the date of destruction and the amount destroyed.

(b) A medical cannabis center shall destroy all cannabis and cannabis-infused products that are not sold to registry identification cardholders in accordance with Department rules. The medical cannabis center shall retain documentation of the destruction and disposal for a period of not less than one year. The medical cannabis center shall maintain a record of the date of destruction and the amount destroyed.

(c) A medical cannabis center shall destroy all unused cannabis products that are returned to the medical cannabis center by a former qualifying patient who no longer qualifies for the use of medical cannabis or the former qualifying patient's caregiver.

"**§ 90-113.134. North Carolina Cannabis Research Program.**

(a) It is the intent of the General Assembly that the North Carolina Collaboratory undertake objective, scientific research regarding the administration of cannabis or cannabis-infused products as part of medical treatment. The Collaboratory shall create a program to be known as the North Carolina Cannabis Research Program.

(b) The research conducted under this section may involve the development of quality control, purity, and labeling standards for cannabis dispensed through the regulated medical cannabis supply system; sound advice and recommendations on the best practices for the safe and efficient cultivation of cannabis; and analysis of genetic and healing properties of the many varied strains of cannabis to determine which strains may be best suited for a particular condition or treatment.

(c) Notwithstanding any other provision of State law, and subject to the requirements of the Commission, the Collaboratory and its academic research partners may possess, transport, store, test, and dispose of cannabis as necessary to conduct scientific research pursuant to this section.

"**§ 90-113.135. North Carolina Medical Cannabis Program Fund.**

There is established within the Department the North Carolina Medical Cannabis Program Fund to ensure the availability of funds necessary to carry out the Department's responsibilities under this Article. All monies collected pursuant to this Article shall be deposited into the Fund. The Fund shall be used for direct and indirect costs associated with the implementation, administration, and enforcement of this Article. Revenues generated in excess of the amount needed to implement, administer, and enforce this Article shall be annually distributed to the State General Fund.

"**§ 90-113.136. Self-supporting requirement; use of excess revenue.**

(a) Self-Supporting Requirement. – The system revenues from license fees and monthly gross revenue fees are appropriated to the Commission to fund in the following order of priority:

(1) Costs associated with establishing and operating the regulated medical cannabis supply system established under G.S. 90-113.119.

(2) The registry system established under G.S. 90-113.115, 90-113.117, and 90-113.120.

(3) The North Carolina Cannabis Research Program established under G.S. 90-113.134, limited to an amount of funding to be determined by the Commission.

(b) Use of Excess Revenues. – Any revenues remaining at the end of a fiscal year after the Commission fully funds the priorities set forth in subsection (a) of this section shall be transferred at the beginning of the subsequent fiscal year to the General Fund.

"**§ 90-113.137.** Reserved for future codification purposes.

"**§ 90-113.138.** Reserved for future codification purposes.

"**§ 90-113.139.** Reserved for future codification purposes.

"**§ 90-113.140. Annual report.**

(a) The Department, in consultation with the Commission and the Advisory Board, shall report annually on the effectiveness of the medical cannabis program operated pursuant to this Article and recommendations for any changes to the program. The report shall, without disclosing any identifying information about cardholders, physicians, qualified patients, designated caregivers, or suppliers, contain the following, at a minimum:

(1) The number of registry identification card applications submitted, approved, and renewed.

(2) The number of written certifications provided by physicians and the percentage distribution by areas of physician specialty.

(3) The number of qualifying patients and designated caregivers served by each medical cannabis center during the report year.

(4) The nature of the debilitating medical conditions of the qualifying patients and a breakdown of qualifying patients by age group.

(5) The nature and percentage distribution of delivery methods of cannabis and cannabis-infused products used and the average daily doses dispensed per delivery method.

(6) The new debilitating medical conditions added by the Advisory Board, if any.

(7) The number of registry identification cards denied, suspended, or revoked.

(8) The number of physicians providing written certifications for qualifying patients and the percentage distribution of their areas of specialty.

(9) The number of suppliers, production facilities, and medical cannabis centers by county.

(b) The report shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services and to the Joint Legislative Oversight Committee on Justice and Public Safety by October 1 of each year, beginning in the first year in which cannabis or cannabis-infused products are sold in medical cannabis centers.

(c) The Department may develop methodologically valid surveys to be taken by qualified patients to determine the effects of the use of medical cannabis. The Commission may require completion of a survey by each patient dispensed medical cannabis in order to assure the methodological validity of survey results and avoid selection bias. If patient surveys are conducted, the results shall be reported with no individually identifying information.

"**§ 90-113.141. Construction of Article.**

This Article shall not be construed to do any of the following:

(1) Allow for a violation of any law other than for conduct in compliance with the provisions of this Article.

(2) Affect or repeal laws relating to nonmedical use, possession, production, or sale of cannabis.

(3) Authorize the use of cannabis by anyone other than a qualified patient.

(4) Permit the operation of any vehicle, aircraft, train, or boat while under the influence of cannabis.

(5) Require the violation of federal law or purport to give immunity under federal law.

(6) Require any accommodation of any on-site medical use of cannabis in any correctional institution or detention facility or place of education or employment, or of smoking or vaping cannabis in any public place.

(7) Require a health insurance provider, health care plan, property and casualty insurer, or medical assistance program to be liable for or reimburse a claim for the medical use of cannabis. Consultations in which physicians diagnose debilitating medical conditions and complete written certifications shall be reimbursed consistent with any other visit to a health care facility.

(8) Affect or repeal laws relating to negligence or professional malpractice on the part of a qualified patient, designated caregiver, physician, supplier, or supplier's agents or employees.

(9) Impair the ability of any party to prohibit or limit smoking or vaping of cannabis on his or her private property.

(10) Impair the ability of a community association to prohibit or limit smoking or vaping of cannabis in a common area through the community association's declaration or bylaws.

"**§ 90-113.142. Severability.**

The provisions of this Article are severable. If any provision of this Article is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions of this Article which can be given effect without the invalid provision."

SECTION 9.(b) This section is effective when it becomes law.

SECTION 10.(a) The initial appointments made to the Compassionate Use Advisory Board under G.S. 90-113.113 shall be made not later than 45 days after the effective date of this act. In order to allow for the staggering of terms, the initial term for each member appointed pursuant to G.S. 90-113.113(a)(1)a. and (a)(1)c. shall be four years; for each member appointed pursuant to G.S. 90-113.113(a)(1)b., (a)(1)d., and (a)(1)e., the initial term shall be three years; for each member appointed pursuant to G.S. 90-113.113(a)(1)f. and (a)(1)g., the initial term shall be two years; and the initial term for members appointed pursuant to G.S. 90-113.113(a)(2) and (a)(3) shall be one year. Subsequent appointments shall be for the full four-year term in accordance with G.S. 90-113.113(b).

SECTION 10.(b) The initial appointments made to the Medical Cannabis Production Commission under G.S. 90-113.118 shall be made not later than 45 days after the effective date of this act, and the Commission must hold their first meeting not later than 60 days after the effective date of this act. Within 270 days of the first meeting, the Commission must adopt rules, as required by G.S. 90-113.118(k), and establish the medical cannabis supply system, as required by G.S. 90-113.119. In order to provide for the staggering of terms, the initial term for each member appointed under G.S. 90-113.118(a)(1)a. and (a)(7) shall be one year. The initial term for members appointed pursuant to G.S. 90-113.118(a)(8) through (a)(9) shall be two years. The initial term for members appointed pursuant to G.S. 90-113.118(a)(1)b. shall be three years. The initial term for members appointed pursuant to G.S. 90-113.118(a)(5) through (a)(6) shall be four years. Subsequent appointments shall be for the full four-year term in accordance with G.S. 90-113.118(b).

SECTION 10.(c) Within 270 days of the effective date of this act, the Department of Health and Human Services must adopt rules as required by G.S. 90-113.115(h).

SECTION 10.(d) This section is effective when it becomes law.

SECTION 11.(a) G.S. 105-164.13 reads as rewritten:

"**§ 105-164.13. Retail sales and use tax.**

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(13e) Cannabis or cannabis-infused products sold by a medical cannabis center to a registry identification cardholder. The terms "cannabis," "cannabis-infused product," "medical cannabis center," and "registry identification cardholder" have the same meanings as defined in G.S. 90-113.112.

…."

SECTION 11.(b) This section is effective when it becomes law.

SECTION 12.(a) G.S. 106-121 reads as rewritten:

"**§ 106-121. Definitions and general consideration.**

For the purpose of this Article:

…

(6) The term "drug" means all of the following:

a. Articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of ~~them; and~~them.

b. Articles intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in man or other ~~animals; and~~animals, except for cannabis or cannabis-infused products, as defined in G.S. 90-113.114, that are manufactured by a production facility or sold by a medical cannabis center, as defined in G.S. 90-113.112.

c. Articles (other than food) intended to affect the structure or any function of the body of man or other ~~animals; and~~animals.

d. Articles intended for use as a component of any article specified in paragraphs a, b or c; but does not include devices or their components, parts, or accessories.

…

(8) The term "food" means all of the following:

a. Articles used for food or drink for man or other animals, except for cannabis or cannabis-infused products, as defined in G.S. 90-113.112, that are manufactured by a production facility or sold by a medical cannabis center, as defined in G.S. 90-113.112.

b. Chewing ~~gum, and~~gum.

c. Articles used for components of any such article.

…."

SECTION 12.(b) This section is effective when it becomes law.

SECTION 13.(a) G.S. 15A-974 reads as rewritten:

"**§ 15A-974. Exclusion or suppression of unlawfully obtained evidence.**

(a) Upon timely motion, evidence must be suppressed if:

(1) Its exclusion is required by the Constitution of the United States or the Constitution of the State of North Carolina; or

(2) It is obtained as a result of a substantial violation of the provisions of this Chapter. In determining whether a violation is substantial, the court must consider all the circumstances, including:

a. The importance of the particular interest violated;

b. The extent of the deviation from lawful conduct;

c. The extent to which the violation was willful;

d. The extent to which exclusion will tend to deter future violations of this Chapter.

Evidence shall not be suppressed under this subdivision if the person committing the violation of the provision or provisions under this Chapter acted under the objectively reasonable, good faith belief that the actions were lawful.

(a1) If evidence was obtained as the result of a search that was supported by probable cause at the time of the search, no evidence obtained as a result of that search shall be suppressed solely on the basis of either of the following:

(1) A subsequent determination that a substance believed to be a controlled substance at the time of the search was not a controlled substance.

(2) A subsequent determination that the presence of a controlled substance at the time of the search was not a violation of law.

(b) The court, in making a determination whether or not evidence shall be suppressed under this section, shall make findings of fact and conclusions of law which shall be included in the record, pursuant to G.S. 15A-977(f)."

SECTION 13.(b) This section becomes effective December 1, 2024, and applies to motions filed on or after that date.

SECTION 14.(a) G.S. 90-87(16) reads as rewritten:

"(16) "Marijuana" means all parts of the plant of the genus Cannabis, whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin, but shall not include the mature stalks of such plant, fiber produced from such stalks, oil, or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination. The term does not include ~~hemp~~ the following:

a. Hemp or hemp products.

b. An adequate supply, as defined in G.S. 90-113.112, of cannabis for medical use in compliance with Article 5H of Chapter 90 of the General Statutes."

SECTION 14.(b) This section is effective when it becomes law.

SECTION 15.(a) G.S. 90-94(a) reads as rewritten:

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

(a) This schedule includes the controlled substances listed or to be listed by whatever official name, common or usual name, chemical name, or trade name designated. In determining that such substance comes within this schedule, notwithstanding Article 5H of this Chapter, the Commission shall find: no currently accepted medical use in the United States, or a relatively low potential for abuse in terms of risk to public health and potential to produce psychic or physiological dependence liability based upon present medical knowledge, or a need for further and continuing study to develop scientific evidence of its pharmacological effects."

SECTION 15.(b) This section is effective when it becomes law.

PART X. OPIOID EDUCATION

SECTION 16.(a) Article 1 of Chapter 90 of the General Statutes is amended by adding a new section to read:

"**§ 90-12.8. Requirement to provide opioid antagonist education.**

(a) Consistent with the federal Food and Drug Administration's labeling requirements for opioid pain medication and medication to treat opioid use disorder announced in its Drug Safety Communication dated July 23, 2020, a practitioner as defined in G.S. 90-87(22) shall do all of the following when issuing a prescription for a Schedule II controlled substance described in G.S. 90-90(1):

(1) Provide information regarding all of the following to each patient receiving the prescription:

a. The potential dangers of opioids.

b. Overdose prevention.

c. The availability and use of a drug approved by the federal Food and Drug Administration as an opioid antagonist for the complete or partial reversal of opioid-induced respiratory depression.

(2) Provide the information described in sub-subdivisions (1)a. through (1)c. of this subsection to one or more persons if designated by the patient receiving the prescription or, for a patient who is a minor, to the minor's parent, guardian, or person standing in loco parentis.

(b) When dispensing a Schedule II controlled substance described in G.S. 90-90(1), a pharmacy, through a pharmacist or pharmacy personnel, shall do one of the following:

(1) Make available in electronic or paper form the information described in sub-subdivisions (a)(1)a. through (a)(1)c. of this section that is consistent with the federal Food and Drug Administration's labeling requirements for opioid pain medication and medication to treat opioid use disorder announced in its Drug Safety Communication dated July 23, 2020.

(2) Post signage in a conspicuous place containing the information described in sub-subdivisions (a)(1)a. through (a)(1)c. of this section. The information required to be on the signage may be provided through a Quick Response code or similar technology.

(c) Nothing in this section shall be construed to do any of the following:

(1) Limit a practitioner's liability for negligent diagnosis or treatment of a patient, as allowed under applicable State or federal law.

(2) Constitute negligence per se or create a private right of action against any practitioner, including a pharmacy, a pharmacist, or pharmacy personnel, who fails to follow the requirements of this section.

(d) This section shall not apply to the following:

(1) A practitioner providing hospice services as defined in G.S. 131E-201(5b) to a hospice patient as defined in G.S. 131E-201(4).

(2) A veterinarian acting in the practice of veterinary medicine, as defined in G.S. 90-181, at an animal health center, emergency facility, mobile facility, veterinary clinic, or veterinary hospital, as defined in G.S. 90-181.1."

SECTION 16.(b) This section becomes effective December 1, 2025.

PART XI. EFFECTIVE DATE

SECTION 17.(a) Prosecutions for offenses committed before the effective date of this act are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those prosecutions.

SECTION 17.(b) If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application and, to this end, the provisions of this act are severable.

SECTION 17.(c) Except as otherwise provided, this act is effective when it becomes law.