

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

**H.B. 135**  
**Feb 17, 2025**  
**HOUSE PRINCIPAL CLERK**

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HOUSE BILL DRH30057-TQxf-1

Short Title: Misbranding/Cell-Cultured Meat/Env. Assess. (Public)

Sponsors: Representative McNeely.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROHIBIT THE MISBRANDING OF CERTAIN FOOD PRODUCTS; TO  
3 PROHIBIT COMMUNITY COLLEGES, UNIVERSITIES, AND PUBLIC SCHOOLS  
4 FROM PURCHASING CERTAIN FOOD PRODUCTS; AND TO ESTABLISH AN  
5 ENVIRONMENTAL INVESTMENT ASSESSMENT ON CERTAIN MEAT, POULTRY,  
6 EGG, AND DAIRY PRODUCTS AND ANALOGOUS PRODUCTS.

7 The General Assembly of North Carolina enacts:

8  
9 **REQUIRE LABELING OF MANUFACTURED-PROTEIN PRODUCTS**

10 **SECTION 1.(a)** G.S. 106-549.15 reads as rewritten:

11 **"§ 106-549.15. Definitions.**

12 As used in this Article, except as otherwise specified, the following terms shall have the  
13 meanings stated below:

14 ...

15 (1a) "Agricultural food animal" means a domesticated animal belonging to the  
16 bovine, caprine, ovine, or porcine species.

17 ...

18 (5a) "Cell-cultured food product" means a food product having one or more  
19 sensory attributes that resemble a type of tissue originating from an  
20 agricultural food animal but that, in lieu of being derived from meat  
21 processing, is derived from manufacturing cells, in which one or more stem  
22 cells are initially isolated from an agricultural food animal, are grown in vitro,  
23 and may be manipulated, as part of a manufacturing operation.

24 (5b) "Close proximity" means any of the following:

25 a. Immediately before or after the name of the product.

26 b. In the line of the label immediately before or after the line containing  
27 the name of the product.

28 c. Within the same phrase or sentence containing the name of the  
29 product.

30 ...

31 (9a) "Identifying meat term" means any word or phrase that states, indicates,  
32 suggests, or describes a meat product, regardless of whether the word or  
33 phrase is used individually, as a portmanteau, or as a compound word. This  
34 term includes all of the following:



- 1           a.     A common name for the species of the agricultural food animal subject
- 2                     to slaughter and processing, including a calf or cow, goat or kid, hog
- 3                     or pig, or lamb or sheep.
- 4           b.     A common name for a characteristic of a species of the agricultural
- 5                     food animal subject to slaughter and processing based on age, breed,
- 6                     or sex.
- 7           c.     Meat, beef or veal, cabrito or chevon, lamb or mutton, or pork.
- 8           d.     A common name used to describe a major cut of a meat of an
- 9                     agricultural food animal slaughtered and processed, including a major
- 10                    meat cut specified in 9 C.F.R. § 317.344, or the common name of an
- 11                    organ or offal, including heart, liver, kidney, or tongue.
- 12           e.     Any other common name that a reasonable purchaser would
- 13                     immediately and exclusively associate with a meat product prepared
- 14                     for sale in normal commercial channels such as bacon, baloney,
- 15                     bologna, bone, brat or bratwurst, brisket, burger or hamburger, butt,
- 16                     chop, chuck, cold cut, cutlet, filet, flat iron, frank or frankfurter, ham,
- 17                     hock, hot dog, jerky, liverwurst, loin, London broil, lunch meat, New
- 18                     York strip, pepperoni, porterhouse, ribeye, roast, rib or sparerib,
- 19                     salami, sausage, shank, sirloin, tenderloin, or a comparable word or
- 20                     phrase.
- 21       (9b)   "Insect-protein food product" means a food product having one or more
- 22                     sensory attributes that resemble a type of tissue originating from an
- 23                     agricultural food animal but that, in lieu of being derived from meat
- 24                     processing, is derived from manufacturing insect parts.
- 25       ...
- 26       (12a)  "Manufactured-protein food product" means a cell-cultured food product,
- 27                     insect-protein food product, or plant-protein food product.
- 28       ...
- 29       (14)   "Meat food product" means any product capable of use as human food that is
- 30                     made wholly or in part from any meat or other portion of the carcass of any
- 31                     cattle, sheep, swine, goats, bison, fallow deer, or red deer, or any cell-cultured
- 32                     product made from cells of those animals, excepting products that contain
- 33                     meat or other portions of such carcasses only in a relatively small proportion
- 34                     or historically have not been considered by consumers as products of the meat
- 35                     food industry, and that are exempted from definition as a meat food product
- 36                     by the Board under such conditions as it may prescribe to assure that the meat
- 37                     or other portions of such carcasses contained in such product are not
- 38                     adulterated and that such products are not represented as meat food products.
- 39                     This term as applied to food products of equines shall have a meaning
- 40                     comparable to that provided in this subdivision with respect to cattle, sheep,
- 41                     swine, goats, and bison.
- 42       (15)   "Miscellaneous" shall apply to any carcass, part thereof, meat or meat food
- 43                     product under one or more of the following circumstances:
- 44                     a.     If its labeling is false or misleading in any particular;
- 45                     b.     If it is offered for sale under the name of another food;
- 46                     c.     If it is imitation of another food, unless its label bears, in type of
- 47                     uniform size and prominence, the word "imitation" and immediately
- 48                     thereafter, the name of the food imitated;
- 49       ...
- 50       m.     The product is a cell-cultured product, and it is not labeled in
- 51                     accordance with G.S. 106-549.28A.

1 ...  
2 (20a) "Plant-protein food product" means a food product having one or more  
3 sensory attributes that resemble a type of tissue originating from an  
4 agricultural food animal but that, in lieu of being derived from meat  
5 processing, is derived from manufacturing plant or fungus parts.

6 ...  
7 (21a) "Qualifying term" means a word, compound word, or phrase that would  
8 clearly disclose to a reasonable purchaser of meat products that a food product  
9 is not a meat product. This includes the following terms: "cell-cultured,"  
10 "fake," "grown in a lab," "insect," "insect-based," "insect-protein,"  
11 "lab-created," "lab-grown," "meat free," "meatless," "plant," "plant-based,"  
12 "vegan," "vegetable," "vegetarian," or "veggie."

13 (21b) "Ratite" means a bird whose breastbone is smooth so that flight muscles  
14 cannot attach, such as an ostrich, an emu, and a rhea. These birds are subject  
15 to the provisions of this Article and Article 49C to the same extent as any other  
16 meat food product.

17 ...."

18 SECTION 1.(b) Article 49B of Chapter 106 of the General Statutes is amended by  
19 adding a new section to read:

20 **"§ 106-549.28A. Labeling of manufactured-protein food products.**

21 (a) The label of any manufactured-protein food product that contains an identifying meat  
22 term shall also contain in at least 20-point font or the size of the surrounding type, whichever is  
23 greater, and in close proximity to the name of the product, an appropriate qualifying term.

24 (b) A manufactured-protein food product that does not meet the requirements of this  
25 section shall be deemed misbranded for purposes of this Article."

26 SECTION 1.(c) G.S. 106-549.51 reads as rewritten:

27 **"§ 106-549.51. Definitions.**

28 For purposes of this Article, the following terms shall have the meanings stated below:

29 ...  
30 (4a) "Cell-cultured food product" means a food product having one or more  
31 sensory attributes that resemble a type of tissue originating from poultry but  
32 that, in lieu of being derived from meat processing, is derived from  
33 manufacturing cells, in which one or more stem cells are initially isolated from  
34 poultry, are grown in vitro, and may be manipulated, as part of a  
35 manufacturing operation.

36 (4b) "Close proximity" means any of the following:  
37 a. Immediately before or after the name of the product.  
38 b. In the line of the label immediately before or after the line containing  
39 the name of the product.  
40 c. Within the same phrase or sentence containing the name of the  
41 product.

42 ...  
43 (10a) "Identifying poultry term" means any word or phrase that states, indicates,  
44 suggests, or describes a poultry product, regardless of whether the word or  
45 phrase is used individually, as a portmanteau, or as a compound word. This  
46 term includes all of the following:

- 47 a. A common name for the species of the poultry subject to slaughter and  
48 processing, including chicken, poultry, or turkey.
- 49 b. A common name for a characteristic of a species of the poultry subject  
50 to slaughter and processing based on age, breed, or sex.
- 51 c. Meat, broiler, fryer, poulet, or yearling.

- 1                   d.     A common name used to describe a major cut of poultry slaughtered
- 2                   and processed, including a poultry product such as breast, drumstick,
- 3                   giblet, thigh, or wing; or the common name of an organ or offal,
- 4                   including gizzard, heart, liver, kidney, or tongue.
- 5                   e.     Any other common name that a reasonable purchaser would
- 6                   immediately and exclusively associate with a poultry product prepared
- 7                   for sale in normal commercial channels.
- 8                   ...
- 9                   (11a) "Insect-protein food product" means a food product having one or more
- 10                  sensory attributes that resemble a type of tissue originating from poultry but
- 11                  that, in lieu of being derived from meat processing, is derived from
- 12                  manufacturing insect parts.
- 13                  ...
- 14                  (16a) "Manufactured-protein food product" means a cell-cultured food product,
- 15                  insect-protein food product, or plant-protein food product.
- 16                  (17) "Misbranded" shall apply to any poultry product under one or more of the
- 17                  following circumstances:
- 18                  a.     If its labeling is false or misleading in any particular;
- 19                  b.     If it is offered for sale under the name of another food;
- 20                  c.     If it is an imitation of another food, unless its label bears, in type of
- 21                  uniform size and prominence, the word "imitation" and immediately
- 22                  thereafter, the name of the food imitated;
- 23                  ...
- 24                  m.    If it is a manufactured-protein food product and it is not labeled in
- 25                  accordance with G.S. 106-549.55(e).
- 26                  ...
- 27                  (24a) "Plant-protein food product" means a food product having one or more
- 28                  sensory attributes that resemble a type of tissue originating from poultry but
- 29                  that, in lieu of being derived from meat processing, is derived from
- 30                  manufacturing plant or fungus parts.
- 31                  ...
- 32                  (26) "Poultry product" means any poultry carcass, or part thereof; or any product
- 33                  which is made wholly or in part from any poultry carcass or part thereof, or
- 34                  any cell-cultured food product made from cells of poultry, excepting products
- 35                  which contain poultry ingredients only in a relatively small proportion or
- 36                  historically have not been considered by consumers as products of the poultry
- 37                  food industry, and which are exempted by the Board from definition as a
- 38                  poultry product under such conditions as the Board may prescribe to assure
- 39                  that the poultry ingredients in such products are not adulterated and that such
- 40                  products are not represented as poultry products.
- 41                  ...
- 42                  (28a) "Qualifying term" means a word, compound word, or phrase that would
- 43                  clearly disclose to a reasonable purchaser of poultry products that a food
- 44                  product is not a poultry product. This includes the following terms:
- 45                  "cell-cultured," "fake," "grown in a lab," "insect," "insect-based,"
- 46                  "insect-protein," "lab-created," "lab-grown," "meat free," "meatless," "plant,"
- 47                  "plant-based," "vegan," "vegetable," "vegetarian," or "veggie."
- 48                  ...."

SECTION 1.(d) G.S. 106-549.55 reads as rewritten:

§ 106-549.55. **Labeling standards; false and misleading labels; labeling of manufactured-protein food products.**

1 ...  
2 (e) The label of any manufactured-protein food product that contains an identifying  
3 poultry term shall also contain in at least 20-point font or the size of the surrounding type,  
4 whichever is greater, and in close proximity to the name of the product, an appropriate qualifying  
5 term."

6 **SECTION 1.(e)** This section becomes effective October 1, 2025, and applies to  
7 products sold or offered for sale on or after that date.

8  
9 **PROHIBIT COMMUNITY COLLEGES, PUBLIC UNIVERSITIES, AND PUBLIC**  
10 **SCHOOLS FROM PURCHASING MISBRANDED PRODUCTS AND**  
11 **CELL-CULTURED PRODUCTS**

12 **SECTION 2.(a)** G.S. 115C-12 is amended by adding a new subdivision to read:

13 "(50) Purchases of meat and poultry products. – The State Board of Education shall  
14 establish policies to prevent the purchase of a food product that is any of the  
15 following:

16 a. Misbranded as a meat or poultry product as prohibited in Articles 49B  
17 and 49D of Chapter 106 of the General Statutes.

18 b. A cell-cultured food product as defined in G.S. 106-549.15 or  
19 G.S. 106-549.51."

20 **SECTION 2.(b)** Part 2 of Article 17 of Chapter 115C of the General Statutes is  
21 amended by adding a new section to read:

22 "**§ 115C-264.6. Purchases of meat and poultry products.**

23 Local boards of education shall establish policies to prevent the purchase of a food product  
24 that is any of the following:

25 (1) Misbranded as a meat or poultry product as prohibited in Articles 49B and  
26 49D of Chapter 106 of the General Statutes.

27 (2) A cell-cultured food product as defined in G.S. 106-549.15 or  
28 G.S. 106-549.51."

29 **SECTION 2.(c)** G.S. 115C-218.75 is amended by adding a new subsection to read:

30 "(p) Purchases of Meat and Poultry Products. – A charter school shall establish policies to  
31 prevent the purchase of a food product that is any of the following:

32 (1) Misbranded as a meat or poultry product as prohibited in Articles 49B and  
33 49D of Chapter 106 of the General Statutes.

34 (2) A cell-cultured food product as defined in G.S. 106-549.15 or  
35 G.S. 106-549.51."

36 **SECTION 2.(d)** G.S. 115C-238.66 is amended by adding a new subdivision to read:

37 "(23) Purchases of meat and poultry products. – A regional school shall establish  
38 policies to prevent the purchase of a food product that is any of the following:

39 a. Misbranded as a meat or poultry product as prohibited in Articles 49B  
40 and 49D of Chapter 106 of the General Statutes.

41 b. A cell-cultured food product as defined in G.S. 106-549.15 or  
42 G.S. 106-549.51."

43 **SECTION 2.(e)** G.S. 116-239.8(b)(4)c. reads as rewritten:

44 "c. Food services. – The laboratory school shall strive to ensure that one  
45 hundred percent (100%) muscadine grape juice is made available to  
46 students as a part of the school's nutrition program or through the  
47 operation of the school's vending facilities. The laboratory school shall  
48 establish policies to prevent the purchase of a food product that is (i)  
49 misbranded as a meat or poultry product as prohibited in Articles 49B  
50 and 49D of Chapter 106 of the General Statutes or (ii) cell-cultured  
51 food product as defined in G.S. 106-549.15 or G.S. 106-549.51. Upon

1 request, the local school administrative unit in which the laboratory  
2 school is located shall administer the National School Lunch Program  
3 for the laboratory school in accordance with G.S. 115C-264."

4 **SECTION 2.(f)** G.S. 115D-20 reads as rewritten:

5 **"§ 115D-20. Powers and duties of trustees.**

6 The trustees of each institution shall constitute the local administrative board of such  
7 institution, with such powers and duties as are provided in this Chapter and as are delegated to it  
8 by the State Board of Community Colleges. The powers and duties of trustees shall include the  
9 following:

10 ...

11 (16) To establish policies to prevent the purchase of a food product that is any of  
12 the following:

13 a. Misbranded as a meat or poultry product as prohibited in Articles 49B  
14 and 49D of Chapter 106 of the General Statutes.

15 b. A cell-cultured food product as defined in G.S. 106-549.15 or  
16 G.S. 106-549.51."

17 **SECTION 2.(g)** Part 5 of Article 1 of Chapter 116 of the General Statutes is amended  
18 by adding a new section to read:

19 **"§ 116-43.26. Purchases of meat and poultry products.**

20 Each constituent institution shall establish policies to prevent the purchase of a food product  
21 that is any of the following:

22 (1) Misbranded as a meat or poultry product as prohibited in Articles 49B and  
23 49D of Chapter 106 of the General Statutes.

24 (2) A cell-cultured food product as defined in G.S. 106-549.15 or  
25 G.S. 106-549.51."

26 **SECTION 2.(h)** This section becomes effective October 1, 2025. Subsections (a),  
27 (b), (c), (d), and (e) of this section apply beginning with the 2026-2027 school year. Subsections  
28 (f) and (g) of this section apply beginning with the 2026-2027 academic year.

29  
30 **ESTABLISH AN ENVIRONMENTAL INVESTMENT ASSESSMENT ON CERTAIN**  
31 **MEAT, POULTRY, EGG, AND DAIRY PRODUCTS AND ANALOGOUS PRODUCTS**

32 **SECTION 3.(a)** Subchapter I of Chapter 105 of the General Statutes is amended by  
33 adding a new Article to read:

34 "Article 5K.

35 "Animal Agriculture and Analogues Environmental Investment Assessment.

36 **"§ 105-187.100. Definitions.**

37 The following definitions apply in this Article:

38 (1) Agricultural food animal. – A domesticated animal belonging to the bovine,  
39 caprine, ovine, or porcine species; a domesticated animal belonging to the  
40 cervid species limited to fallow deer or red deer; and domestic fowl limited to  
41 chickens or turkeys.

42 (2) Analogue product. – A food product derived by combining processed plant  
43 products, insects, or fungi with food additives to approximate the texture,  
44 flavor, appearance, or other aesthetic qualities or the chemical characteristics  
45 of any specific type of animal agriculture product. This term includes  
46 cell-cultured products.

47 (3) Animal agriculture product. – A food product that is a dairy product, egg, egg  
48 product, meat, meat food product, poultry, or poultry product. This term does  
49 not include an analogue product.

- 1           (4)    Cell-cultured product. – A food product derived by harvesting animal cells  
2           and artificially replicating those cells in a growth medium in a laboratory or  
3           similar setting to produce tissue.
- 4           (5)    Dairy product. – A product manufactured for human consumption that is  
5           derived from the processing of milk. The term includes a fluid milk product.
- 6           (6)    Dietary supplement. – As defined in G.S. 105-164.3(55).
- 7           (7)    Egg. – As defined in 21 U.S.C. § 1033(g).
- 8           (8)    Egg product. – As defined in 21 U.S.C. § 1033(f).
- 9           (9)    Environmental improvement project. – A project that is intended to improve  
10          water quality, increase soil health, reduce flood risks, reduce chemical inputs,  
11          increase biodiversity, preserve farmland, or achieve similar ecological goals.
- 12          (10)   Fluid milk product. – A milk product normally consumed in liquid form as a  
13          beverage.
- 14          (11)   Food product. – A perishable or nonperishable product that is fit for human  
15          consumption. This term does not include dietary supplements.
- 16          (12)   Identifying term. – Any word or phrase that states, indicates, or describes an  
17          animal agriculture product, regardless of whether the word is used  
18          individually, as a compound word, or as a portmanteau.
- 19          a.     An "identifying term" includes all of the following:
- 20                1.     A common name for the species of an agricultural food animal  
21                subject to slaughter and processing, including a calf or cow,  
22                chicken, goat or kid, hog or pig, poultry, lamb or sheep, or  
23                turkey.
- 24                2.     A common name for a characteristic of a species of an  
25                agricultural food animal subject to slaughter and processing,  
26                based on age, breed, or sex.
- 27                3.     Any of the terms: beef or veal; egg; broiler, fryer, poulet, or  
28                yearling; cabrito or chevon; lamb or mutton; meat; milk; or  
29                pork.
- 30                4.     A common name used to describe a major cut of a meat of an  
31                agricultural food animal slaughtered and processed, including  
32                a major meat cut specified in 9 C.F.R. § 317.344; a poultry  
33                product such as breast, drumstick, gible, thigh, or wing; or the  
34                common name of an organ or offal, including gizzard, heart,  
35                liver, kidney, or tongue.
- 36                5.     Any other common name that a reasonable purchaser would  
37                immediately associate with a dairy, egg, meat, or poultry  
38                product prepared for sale in normal commercial channels, such  
39                as bacon, baloney, bologna, bone, brat or bratwurst, brisket,  
40                burger or hamburger, butt, butter, cheese, chop, chuck, cold  
41                cut, cream, cutlet, filet, flat iron, frank or frankfurter,  
42                half-and-half, ham, hock, hot dog, ice cream, jerky, liverwurst,  
43                loin, London broil, lunch meat or lunchmeat, New York strip,  
44                pepperoni, porterhouse, ribeye, roast, rib or sparerib, salami,  
45                sausage, scramble, shank, sirloin, tenderloin, yogurt, or a  
46                comparable word or phrase.
- 47          b.     An "identifying term" shall not include a product name that is  
48          understood by consumers not to be a term for an animal agriculture  
49          product or an analogue product.
- 50          (13)   Label. – A display of written, printed, or graphic matter placed upon any  
51          container storing a food product that is offered for sale or sold at retail,

1 regardless of whether the written, printed, or graphic matter is printed on the  
2 container's packaging or a sticker affixed to the container. This does not  
3 include a nutrition facts panel or ingredients list required by the United States  
4 Food and Drug Administration.

5 (14) Meat. – As defined in 9 C.F.R. § 301.2.

6 (15) Meat food product. – Any product capable of use as human food that is made  
7 wholly or in part from any meat or other portion of the carcass of any cattle,  
8 sheep, swine, goat, bison, fallow deer, or red deer. For purposes of this section,  
9 the following are considered meat food products:

10 a. Primal and subprimal cuts of meat.

11 b. Ground meat.

12 c. Sliced deli meat.

13 d. Sausage.

14 e. Bacon.

15 f. Ham.

16 g. Jerky.

17 h. Corned beef.

18 i. Smoked parts.

19 j. Rendered fats.

20 k. Edible offal.

21 (16) Milk. – The lacteal secretion practically free from colostrum obtained by the  
22 milking of one or more cows, goats, or other lactating animals.

23 (17) Poultry. – As defined in 21 U.S.C. § 453(e).

24 (18) Poultry product. – As defined in 21 U.S.C. § 453(f). For purposes of this  
25 section, the following are considered poultry products:

26 a. Whole poultry.

27 b. Primal cuts of poultry.

28 c. Ground poultry.

29 d. Sliced deli poultry.

30 e. Sausage.

31 f. Bacon.

32 g. Jerky.

33 h. Smoked parts.

34 i. Rendered fats.

35 j. Edible offal.

36 (19) Prepared food. – As defined in G.S. 105-164.4L.

37 (20) Protein group. – The type of protein from which an animal agriculture product  
38 was derived or which an analogue product approximates or is intended to  
39 approximate. A meat food product or poultry product shall be classified based  
40 on the animal from which the meat was derived, and an analogue to a meat  
41 food product or poultry product shall be classified based on the specific animal  
42 protein approximated or intended to be approximated.

43 (21) Trade associations. – All of the following organizations:

44 a. North Carolina Cattleman's Association.

45 b. North Carolina Dairy Producers Association.

46 c. North Carolina Deer and Elk Farmers Association.

47 d. North Carolina Egg Association.

48 e. North Carolina Pork Council.

49 f. North Carolina Poultry Federation.

50 g. North Carolina Sheep Producers Association.

51 **§ 105-187.101. Environmental investment assessment imposed.**



1       (a) Levy and Rate. – An environmental investment assessment (EIA) of five cents (5¢)  
2 is imposed on each item of an animal agriculture product or an analogue product sold at retail if  
3 the article bears an identifying term on the product's label. For purposes of this Article, the term  
4 "item" refers to an item that is identified by a universal product code or other identifier  
5 representing the item and that is used to retrieve the sales price of the item.

6       (b) Environmental Investment Assessment – The EIA imposed by this Article is intended  
7 to be passed on to the purchaser of an item to which the EIA is imposed and borne by the  
8 purchaser instead of by the retailer. A retailer must collect the EIA due on an item when sold at  
9 retail. A retailer must record the protein group to which any animal agriculture product or  
10 analogue product belongs and report this information to the Department of Revenue when it  
11 remits the collected EIAs to the Department. If the retailer cannot determine the protein group to  
12 which an animal agriculture product or analogue product belongs, the retailer shall consult with  
13 the trade association with which the product would be most closely identified. The trade  
14 association shall make the determination of whether the product should be subject to the  
15 assessment and notify the Department.

16       (c) The retailer may retain one percent (1%) of the gross proceeds of the EIAs it collects  
17 for the retailer's administrative costs. The EIA is a debt from the purchaser to the retailer until  
18 paid and is recoverable at law by the retailer in the same manner as other debts. A retailer is  
19 considered to act as a trustee on behalf of the State when it collects the EIA from the purchaser  
20 on an applicable sale. The EIA must be stated and charged separately on the invoices or other  
21 documents of the retailer given to the purchaser at the time of the sale except for either of the  
22 following:

23           (1) Vending machine sales.

24           (2) Where a retailer displays a statement indicating the sales price includes the  
25 tax.

26 **"§ 105-187.102. Administration.**

27       Except as otherwise provided in this Article, the EIA imposed by this Article shall be  
28 collected and administered in the same manner as the State sales and use taxes imposed by Article  
29 5 of this Chapter. The provisions of Article 9 of this Chapter that are not inconsistent with this  
30 Article, including administration, auditing, making returns, promulgation of rules and regulations  
31 by the Secretary, additional taxes, assessments and assessment procedure, imposition and  
32 collection of taxes and the lien thereof, and penalties, are made a part of this Article and shall be  
33 applicable thereto.

34 **"§ 105-187.103. Exemptions and refunds.**

35       (a) The EIA imposed by this Article does not apply to any of the following:

36           (1) Sales the State cannot constitutionally tax.

37           (2) Products of a farm sold in their original state by the producer of the products  
38 if the producer is not primarily a retail merchant.

39           (3) Prepared food.

40           (4) Products containing ingredients from more than one protein group.

41           (5) Meat food products or poultry products with a nonmeat or nonpoultry  
42 component other than seasoning, brine solution, or vinegar, or analogue  
43 products to such meat food products or poultry products.

44       (b) Except as otherwise provided in this section, the exemptions and refunds allowed in  
45 Article 5 of this Chapter do not apply to sales of items subject to assessment under this Article.

46 **"§ 105-187.104. Use of EIA proceeds.**

47       (a) Two percent (2%) of the net proceeds of the EIAs shall be retained by the Department  
48 of Revenue for its administrative costs.

49       (b) Of the remaining funds, each quarter, the Secretary shall credit the net proceeds of  
50 the EIAs collected under this Article to the trade associations proportionate to the amount of  
51 funds collected from the sale of products in each protein group.

1       (c)     Two percent (2%) of the funds credited to each trade association pursuant to this  
2 section shall be used for the costs of administering the grant program authorized by this section.  
3 The remainder of the funds credited to the trade associations may be used only to implement  
4 environmental improvement projects on the farms of constituent members of the trade  
5 associations. Each trade association shall develop (i) an application process by which constituent  
6 members may apply for funds for environmental improvement projects and (ii) a process for  
7 evaluating applications. In developing their processes, the trade associations shall consider the  
8 size of the operations applying for funds and strive to award equal amounts of funding to small  
9 and large operations. Any funds credited to the trade associations that are not awarded by a trade  
10 association for 18 months shall be remitted to the Agricultural Development and Farmland  
11 Preservation Trust Fund."

12               **SECTION 3.(b)** This section becomes effective October 1, 2025, and applies to  
13 products sold on or after that date.

14  
15 **SEVERABILITY CLAUSE AND EFFECTIVE DATE**

16               **SECTION 4.(a)** If any section or provision of this act is declared unconstitutional or  
17 invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
18 the part declared to be unconstitutional or invalid.

19               **SECTION 4.(b)** Except as otherwise provided, this act becomes effective October  
20 1, 2025.