A BILL TO BE ENTITLED
AN ACT TO LEGALIZE AND REGULATE THE SALE, POSSESSION, AND USE OF MARIJUANA IN NORTH CAROLINA.
The General Assembly of North Carolina enacts:

PART I. CREATION OF CANNABIS EQUITY REINVESTMENT BOARD

SECTION 1.1. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 23. Cannabis Equity Reinvestment Board.

§ 143B-472.129. Cannabis Equity Reinvestment Board; purpose; membership; quorum; meetings.
(a) There is established the Cannabis Equity Reinvestment Board (Board). The Board shall be administratively located within the Department of Commerce. The purpose of the Board is to directly address the impact of economic disinvestment, violence, and historical overuse of criminal justice responses to community and individual needs by providing resources to support local design and control of community-based responses to such impacts.
(b) The Board shall have a total membership of 20 members that shall consist of 13 nonlegislative citizen members and seven ex officio members. Nonlegislative citizen members shall be appointed as follows: three to be appointed by the President Pro Tempore of the Senate, one of whom shall be a person who has been previously incarcerated or convicted of a marijuana-related offense, one of whom shall be an expert in the field of public health with experience in trauma-informed care, if possible, and one of whom shall be an expert in workforce development with a focus on access to opportunities for youth in underserved communities; three to be appointed by the Speaker of the House of Representatives, one of whom shall be an expert on the State's foster care system, one of whom shall be an expert in workforce development, and one of whom shall be a representative from one of the State's historically black colleges and universities; and seven to be appointed by the Governor, subject to confirmation by the General Assembly, one of whom shall be a veteran, one of whom shall be an entrepreneur with expertise in emerging industries or access to capital for small businesses, one of whom shall be a representative from the Office of Indigent Defense Services, and four of whom shall be community-based providers or community development organization representatives who provide services to address the social determinants of health and promote community investment in communities adversely and disproportionately impacted by marijuana prohibitions, including services such as workforce development, youth mentoring and educational services, job training and placement services, and reentry services. Nonlegislative citizen members shall be citizens of the State and reflect the racial, ethnic, gender, and geographic diversity of the State.
The Secretaries of Commerce, Education, Health and Human Services, and Public Safety, the Chair of the NCWorks Commission, and the Attorney General, or their designees, shall serve ex officio with voting privileges. The Chairman of the North Carolina Cannabis Control Commission, or the Chairman's designee shall serve ex officio without voting privileges.

Ex officio members of the Board shall serve terms coincident with their terms of office. The initial terms of nonlegislative citizen members shall be staggered. After the initial staggering of terms, all nonlegislative citizen members shall be appointed for a term of four years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as the original appointments. All members may be reappointed.

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The Board shall be chaired by the Secretary of Commerce, or the Secretary's designee.

The Board shall select a vice-chairman from among its membership.

A majority of the members shall constitute a quorum.

The Board shall meet at least two times each year and shall meet at the call of the Chairman or whenever the majority of the members so request.

Members of the Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

The Cannabis Equity Reinvestment Board (Board) shall have all of the following powers and duties:

1. Support persons, families, and communities historically and disproportionately targeted and affected by drug enforcement.
2. Develop and implement scholarship programs and educational and vocational resources for historically marginalized persons, including persons in foster care, who have been adversely impacted by substance use individually, in their families, or in their communities.
3. Develop and implement a program to award grants to support workforce development programs, mentoring programs, job training and placement services, apprenticeships, and reentry services that serve persons and communities historically and disproportionately targeted by drug enforcement.
4. Administer the Cannabis Equity Reinvestment Fund established pursuant to G.S. 143B-472.131.
5. Collaborate with the Chairman of the North Carolina Cannabis Control Commission and the Secretary of Commerce, as necessary, to implement programs and provide recommendations in line with the purpose of this article.
6. Submit an annual report to the Governor and the General Assembly. The Chairman shall submit to the Governor and the General Assembly an annual report detailing the interim activity and work of the Board no later than the first day of each session of the regular session of the General Assembly.
7. Perform such other activities and functions as the Governor and General Assembly may direct.

The Cannabis Equity Reinvestment Fund is established as a special fund in the Office of the State Treasurer. The Fund consists of appropriations by the General Assembly or contributions and grants from public or private sources. The interest earned by the Fund shall be credited to the Fund by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. Revenue in the Fund, including any interest earned, does not revert at the end of a fiscal year.

Moneys in the Fund may only be used for any or all of the following purposes:
Supporting persons, families, and communities historically and disproportionately targeted and affected by drug enforcement.

Providing scholarship opportunities and educational and vocational resources for historically marginalized persons, including persons in foster care, who have been adversely impacted by substance use individually, in their families, or in their communities.

Awarding grants to support workforce development, mentoring programs, job training and placement services, apprenticeships, and reentry services that serve persons and communities historically and disproportionately targeted by drug enforcement.

Contributing to the Office of Indigent Defense Services established pursuant to G.S. 7A-498.2.

Contributing to the Cannabis Equity Business Loan Fund established pursuant to G.S. 18D-1101.

(c) The State Treasurer shall disburse moneys in the Fund only upon the written direction of the Chair of the Cannabis Equity Reinvestment Board.

SECTION 1.2. The initial terms of office of those persons appointed to serve as nonlegislative citizen members on the Cannabis Equity Reinvestment Board shall be staggered as follows: five persons shall be appointed for a term to expire June 30, 2026; four persons shall be appointed for a term to expire June 30, 2027; and four persons shall be appointed for a term to expire June 30, 2028. Thereafter, nonlegislative citizen members of the Cannabis Equity Reinvestment Board shall serve for terms of four years.

SECTION 1.3. This Part becomes effective July 1, 2022.

PART II. CREATION OF THE NORTH CAROLINA CANNABIS CONTROL COMMISSION & LEGALIZATION OF POSSESSION AND SALE OF MARIJUANA

SECTION 2.1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 18D.
"Regulation of Marijuana.
"Article 1.
"General Provisions.

§ 18D-100. Purpose of Chapter.
(a) This Chapter is intended to establish a uniform system of control over the sale, purchase, transportation, manufacture, consumption, and possession of marijuana in North Carolina, and to provide procedures to insure the proper administration of the marijuana laws under a uniform system throughout the State. This Chapter shall be liberally construed to the end that the sale, purchase, transportation, manufacture, consumption, and possession of marijuana shall be prohibited except as authorized in this Chapter. If any provision of this Chapter, or its application to any person or circumstance, is determined by a court or other authority of competent jurisdiction to be invalid or unconstitutional, such provision shall be stricken and the remaining provisions shall be construed in accordance with the intent of the General Assembly to further limit rather than expand commerce in marijuana.

(b) Except as provided in this Chapter, local ordinances establishing different rules on the manufacture, sale, purchase, transportation, possession, consumption, or other use of marijuana, or requiring additional permits or fees, are prohibited.

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

(1) Advertisement or advertising. – Any written or verbal statement, illustration, or depiction that is calculated to induce sales of retail marijuana, retail marijuana products, marijuana plants, or marijuana seeds, including any...
written, printed, graphic, digital, electronic, or other material, billboard, sign, or other outdoor display, publication, or radio or television broadcast.

(2) Board. – The Board of Directors of the North Carolina Cannabis Control Commission.

(3) Cannabis. – Has the same meaning as marijuana.

(4) Commission. – The North Carolina Cannabis Control Commission established under this Chapter.

(5) Child-resistant. – Packaging or a container (i) specially designed or constructed to be significantly difficult for a typical child under five years of age to open and not to be significantly difficult for a typical adult to open and reseal and (ii) for any product intended for more than a single use or that contains multiple servings, resealable.

(6) Cultivation or cultivate. – The planting, propagation, growing, harvesting, drying, curing, grading, trimming, or other similar processing of marijuana for use or sale. This term does not include manufacturing or testing.

(7) Edible marijuana product. – A marijuana product intended to be consumed orally, including marijuana intended to be consumed orally or marijuana concentrate intended to be consumed orally.

(8) Immature plant. – A nonflowering marijuana plant that is no taller than eight inches and no wider than eight inches, is produced from a cutting, clipping, or seedling, and is growing in a container.

(9) Licensed. – The holding of a valid license granted by the Commission.

(10) Licensee. – Any person to whom a license has been granted by the Commission.

(11) Manufacturing or manufactured. – The production of marijuana products or the blending, infusing, compounding, or other preparation of marijuana and marijuana products, including marijuana extraction or preparation by means of chemical synthesis. This term does not include cultivation or testing.

(12) Marijuana. – Any part of a plant of the genus Cannabis, whether growing or not, its seeds or resin; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds, its resin, or any extract containing one or more cannabinoids. This term does not include the mature stalks of such plant, fiber produced from such stalk, or oil or cake made from the seed of such plant, unless such stalks, fiber, oil, or cake is combined with other parts of plants of the genus Cannabis. This term also does not include (i) industrial hemp, as defined in Article 50F of Chapter 106 of the General Statutes, that is possessed by a person registered pursuant to Article 50F of Chapter 106 of the General Statutes or the person’s agent or (ii) a hemp product, as defined in Article 50F of Chapter 106 of the General Statutes, containing a tetrahydrocannabinol concentration of no greater than three-tenths of a percent (0.3%) that is derived from industrial hemp that is grown, dealt, or processed in compliance with State or federal law.

(13) Marijuana concentrate. – Marijuana that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a marijuana plant is a concentrate for purposes of this Chapter.

(14) Marijuana cultivation facility. – A facility licensed under this subtitle to cultivate, label, and package retail marijuana; to purchase or take possession of marijuana plants and seeds from other marijuana cultivation facilities; to transfer possession of and sell retail marijuana, immature marijuana plants, and marijuana seeds to marijuana wholesalers; to transfer possession of and
sell retail marijuana, marijuana plants, and marijuana seeds to other marijuana
cultivation facilities; and to sell immature marijuana plants and marijuana
seeds to consumers for the purpose of cultivating marijuana at home for
personal use.

(15) Marijuana establishment. – A marijuana cultivation facility, a marijuana
testing facility, a marijuana manufacturing facility, a marijuana wholesaler, or
a retail marijuana store.

(16) Marijuana manufacturing facility. – A facility licensed under this subtitle to
purchase or take possession of retail marijuana from a marijuana cultivation
facility or another marijuana manufacturing facility; to manufacture, label,
and package retail marijuana and retail marijuana products; and to transfer
possession of and sell retail marijuana and retail marijuana products to
marijuana wholesalers or other marijuana manufacturing facilities.

(17) Marijuana paraphernalia. – All equipment, products, and materials of any kind
that are either designed for use or are intended for use in planting, propagating,
cultivating, growing, harvesting, manufacturing, compounding, converting,
producing, processing, preparing, strength testing, analyzing, packaging,
repackaging, storing, containing, concealing, ingesting, inhaling, or otherwise
introducing into the human body marijuana.

(18) Marijuana products. – Products that are composed of marijuana and other
ingredients and are intended for use or consumption, ointments, and tinctures.

(19) Marijuana testing facility. – A facility licensed under this Chapter to develop,
research, or test marijuana, marijuana products, and other substances.

(20) Marijuana wholesaler. – A facility licensed under this subtitle to purchase or
take possession of retail marijuana, retail marijuana products, immature
marijuana plants, and marijuana seeds from a marijuana cultivation facility, a
marijuana manufacturing facility, or another marijuana wholesaler and to
transfer possession and sell or resell retail marijuana, retail marijuana
products, immature marijuana plants, and marijuana seeds to a marijuana
manufacturing facility, retail marijuana store, or another marijuana
wholesaler.

(21) Non-retail marijuana. – Marijuana that is not cultivated, manufactured, or sold
by a licensed marijuana establishment.

(22) Non-retail marijuana products. – Marijuana products that are not
manufactured and sold by a licensed marijuana establishment.

(23) Place or premises. – The real estate, together with any buildings or other
improvements thereon, designated in the application for a license as the place
at which the cultivation, manufacture, sale, or testing of retail marijuana or
retail marijuana products shall be performed, except that portion of any such
building or other improvement actually and exclusively used as a private
residence.

(24) Public place. – Any place, building, or conveyance to which the public has, or
is permitted to have, access, including restaurants, soda fountains, hotel dining
areas, lobbies and corridors of hotels, and any park place of public resort or
amusement, highway, street, lane, or sidewalk adjoining any highway, street,
or lane.

(25) Residence. – Any building or part of a building or structure where a person
resides, but does not include any part of a building that is not actually and
exclusively used as a private residence, nor any part of a hotel or club other
than a private guest room thereof.
Retail marijuana. – Marijuana that is cultivated, manufactured, or sold by a licensed marijuana establishment.

Retail marijuana products. – Marijuana products that are manufactured and sold by a licensed marijuana establishment.

Retail marijuana store. – A facility licensed under this Chapter to purchase or take possession of retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds from a marijuana wholesaler and to sell retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds to consumers.

Sale or sell. – Includes soliciting or receiving an order for; keeping, offering, or exposing for sale; peddling, exchanging, or bartering; or delivering otherwise than gratuitously, by any means, retail marijuana or retail marijuana products.

Special agent. – An employee of the Commission whom the Board has designated as a law enforcement officer pursuant to this Chapter.

Testing or test. – The research and analysis of marijuana, marijuana products, or other substances for contaminants, safety, or potency. This term does not include cultivation or manufacturing.

"Article 2.
"State Administration.


The North Carolina Cannabis Control Commission is created to consist of a Chief Executive Officer, the Board of Directors, and the agents and employees of the Commission. The Commission shall be administratively located within the Department of Public Safety but shall exercise its powers independently of the Secretary of Public Safety.

"§ 18D-201. Board membership; terms; compensation.

(a) The Commission shall be governed by a Board of Directors, which shall consist of five citizens at large appointed by the Governor and confirmed by the affirmative vote of a majority of those voting in each house of the General Assembly. Each appointee shall (i) have been a resident of the State for a period of at least three years next preceding his or her appointment, and his or her continued residency shall be a condition of his or her tenure in office; (ii) hold, at a minimum, a baccalaureate degree in business or a related field of study; and (iii) possess a minimum of seven years of demonstrated experience or expertise in the direct management, supervision, or control of a business or legal affairs. Appointees shall reflect the racial, ethnic, gender, and geographic diversity of the State. Appointees shall be subject to a background check in accordance with this Chapter.

(b) After the initial staggering of terms, members shall be appointed for a term of five years. All members shall serve until their successors are appointed. Any appointment to fill a vacancy shall be for the unexpired term of the appointee. No member appointed by the Governor shall be eligible to serve more than two consecutive terms; however, a member appointed to fill a vacancy may serve two additional consecutive terms. Members of the Board may be removed from office by the Governor for cause, including the improper use of its police powers, malfeasance, misfeasance, incompetence, misconduct, neglect of duty, absenteeism, conflict of interests, failure to carry out the policies of the State as established in the State Constitution or by the General Assembly, or refusal to carry out a lawful directive of the Governor.

(c) The Governor shall appoint the chairman and vice-chairman of the Board from among the membership of the Board. The Board may elect other subordinate officers, who need not be members of the Board. The Board may also form committees and advisory councils, which may include representatives who are not members of the Board, to undertake more extensive study and discussion of the issues before the Board. A majority of the Board shall constitute a quorum.
for the transaction of the Commission's business, and no vacancy in the membership shall impair
the right of a quorum to exercise the rights and perform all duties of the Commission.
(d) The Board shall meet at least every 60 days for the transaction of its business. Special
meetings may be held at any time upon the call of the chairman of the Board or the Chief
Executive Officer or upon the written request of a majority of the Board members.
(e) Members of the Board shall receive annually such salary, compensation, and
reimbursement of expenses for the performance of their official duties as set by the General
Assembly in the Current Operations Appropriations Act.
(f) The provisions of G.S. 14-234, G.S. 133-32, and Article 4 of Chapter 138A of the
General Statutes shall apply to the Board.
The Board shall have all of the following powers and duties:
(1) Promulgate rules in accordance with Chapter 150B of the General Statutes.
(2) Control the possession, sale, transportation, and delivery of marijuana and
marijuana products.
(3) Grant, suspend, and revoke licenses for the cultivation, manufacture,
distribution, sale, and testing of marijuana and marijuana products as provided
by law.
(4) Determine the nature, form, and capacity of all containers used for holding
marijuana products to be kept or sold and prescribe the form and content of
all labels and seals to be placed thereon.
(5) Maintain actions to enjoin common nuisances as defined in this Chapter.
(6) Establish standards and implement an online course for employees of retail
marijuana stores that trains employees on how to educate consumers on the
potential risks of marijuana use.
(7) Establish a plan to develop and disseminate to retail marijuana store licensees
a pamphlet or similar document regarding the potential risks of marijuana use
be prominently displayed and made available to consumers.
(8) Establish a position for a Cannabis Social Equity Liaison who shall lead the
Cannabis Business Equity and Diversity Support Team and liaise with the
Secretary of Commerce on matters related to diversity, equity, and inclusion
standards in the marijuana industry.
(9) Establish a Cannabis Business Equity and Diversity Support Team, that shall
(i) develop requirements for the creation and submission of diversity, equity,
and inclusion plans by persons who wish to possess more than one license,
and an approval process and requirements for implementation of such plans;
(ii) be responsible for conducting an analysis of potential barriers to entry for
small, women-owned, and minority- owned businesses and veteran-owned
businesses interested in participating in the marijuana industry and
recommending strategies to effectively mitigate such potential barriers; (iii)
provide assistance with business planning for potential marijuana
establishment licensees; (iv) spread awareness of business opportunities
related to the marijuana marketplace in areas disproportionately impacted by
marijuana prohibition and enforcement; (v) provide technical assistance in
navigating the administrative process to potential marijuana establishment
licensees; and (vi) conduct other outreach initiatives in areas
disproportionately impacted by marijuana prohibition and enforcement as
necessary.
(10) Establish a position for an individual with professional experience in a health
related field who shall staff the Cannabis Public Health Advisory Council,
established pursuant to G.S. 18D-228, liaise with the Office of the Secretary
of Health and Human Services and relevant health and human services agencies and organizations, and perform other duties as needed.

(11) Establish and implement a plan, in coordination with the Cannabis Social Equity Liaison and the Secretary of Commerce to promote and encourage participation in the marijuana industry by people from communities that have been disproportionately impacted by marijuana prohibition and enforcement and to positively impact those communities.

(12) Sue and be sued, implead and be impleaded, and complain and defend in all courts.

(13) Adopt, use, and alter at will a common seal.

(14) Fix, alter, charge, and collect rates, rentals, fees, and other charges for the use of property of, the sale of products of, or services rendered by the Commission at rates to be determined by the Commission for the purpose of providing for the payment of the expenses of the Commission.

(15) Make and enter into all contracts and agreements necessary or incidental to the performance of its duties, the furtherance of its purposes, and the execution of its powers under this subtitle, including agreements with any person or federal agency.

(16) Employ, at its discretion, consultants, researchers, architects, engineers, accountants, financial experts investment bankers, superintendents, managers, and such other employees and special agents as may be necessary and fix their compensation to be payable from funds made available to the Commission. Legal services for the Commission shall be provided by the Attorney General in accordance with applicable law.

(17) Receive and accept from any federal or private agency, foundation, corporation, association, or person grants or other aid to be expended in accomplishing the objectives of the Commission, and receive and accept from the Commission or any state and any municipality, county, or other political subdivision thereof or from any other source aid or contributions of either money, property, or other things of value, to be held, used, and applied only for the purposes for which such grants and contributions may be made. All federal moneys accepted under this section shall be accepted and expended by the Commission upon such terms and conditions as are prescribed by the federal government and as are consistent with State law, and all State funds accepted under this section shall be expended by the Commission upon such terms and conditions as are prescribed by the State.

(18) Adopt, alter, and repeal bylaws, rules, and regulations governing the manner in which its business shall be transacted and the manner in which the powers of the Commission shall be exercised and its duties performed. The Board may delegate or assign any duty or task to be performed by the Commission to any officer or employee of the Commission. The Board shall remain responsible for the performance of any such duties or tasks. Any delegation pursuant to this subdivision shall, where appropriate, be accompanied by written guidelines for the exercise of the duties or tasks delegated. Where appropriate, the guidelines shall require that the Board receive summaries of actions taken. Such delegation or assignment shall not relieve the Board of the responsibility to ensure faithful performance of the duties and tasks.

(19) Conduct or engage in any lawful business, activity, effort, or project consistent with the Commission's purposes or necessary or convenient to exercise its powers.
Develop policies and procedures generally applicable to the procurement of goods, services, and construction, based upon competitive principles.

Develop policies and procedures consistent with applicable procurement and contracting laws.

Acquire, purchase, hold, use, lease, or otherwise dispose of any property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of the Commission; lease as lessee any property, real, personal or mixed, tangible or intangible, or any interest therein, at such annual rental and on such terms and conditions as may be determined by the Board; lease as lessor to any person any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired by the Commission, whether wholly or partially completed, at such annual rental and on such terms and conditions as may be determined by the Board; sell, transfer, or convey any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired or held by the Commission on such terms and conditions as may be determined by the Board; and occupy and improve any land or building required for the purposes of this Chapter.

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se, lease, or acquire the use of, by any manner, any plant or equipment that may be considered necessary or useful in carrying into effect the purposes of this Chapter, including rectifying, blending, and processing plants.

Appoint every agent and employee required for its operations, require any or all of them to give bonds payable to the State in such penalty as shall be fixed by the Board, and engage the services of experts and professionals.

Hold and conduct hearings, issue subpoenas requiring the attendance of witnesses and the production of records, memoranda, papers, and other documents before the Board or any agent of the Board, and administer oaths and take testimony thereunder. The Board may authorize any Board member or agent of the Board to hold and conduct hearings, issue subpoenas, administer oaths and take testimony thereunder, and decide cases, subject to final decision by the Board, on application of any party aggrieved. The Board may enter into consent agreements and may request and accept from any applicant or licensee a consent agreement in lieu of proceedings on (i) objections to the issuance of a license or (ii) disciplinary action. Any such consent agreement shall include findings of fact and may include an admission or a finding of a violation. A consent agreement shall not be considered a case decision of the Board and shall not be subject to judicial review under the provisions of Chapter 150B of the General Statutes, but may be considered by the Board in future disciplinary proceedings.

Make a reasonable charge for preparing and furnishing statistical information and compilations to persons other than (i) officials, including court and police officials, of the State and of its subdivisions if the information requested is for official use and (ii) persons who have a personal or legal interest in obtaining the information requested if such information is not to be used for commercial or trade purposes.

Assess and collect civil penalties and civil charges for violations of this Chapter and Board rules.

Review and approve any proposed legislative or rule changes suggested by the Chief Executive Officer as the Board deems appropriate.

Report quarterly to the Secretary of Public Safety on the law enforcement activities undertaken to enforce the provisions of this Chapter.
Establish and collect fees for all licenses and permits set forth in this Chapter, including fees associated with applications for such licenses and permits.

Develop and make available on its website guidance documents regarding compliance and safe practices for persons who cultivate marijuana at home for personal use, which shall include information regarding cultivation practices that promote personal and public safety, including child protection, and discourage practices that create a nuisance.

Develop and make available on its website a resource that provides information regarding (i) responsible marijuana consumption; (ii) health risks and other dangers associated with marijuana consumption, including inability to operate a motor vehicle and other types of transportation and equipment and (iii) ancillary effects of marijuana consumption, including ineligibility for certain employment opportunities. The Board shall require that the web address for such resource be included on the label of all retail marijuana and retail marijuana product as provided in this Chapter.

Any other act deemed necessary by the Board to carry out the purposes of this Chapter.

§ 18D-203. Additional powers; mediation; alternative dispute resolution; confidentiality.

(a) The following definitions apply in this section:

(1) Appropriate case. – Any alleged license violation or objection to the application for a license in which it is apparent that there are significant issues of disagreement among interested persons and for which the Board finds that the use of a mediation or dispute resolution proceeding is in the public interest.

(2) Dispute resolution proceeding. – Any structured process in which a neutral assists disputants in reaching a voluntary settlement by means of dispute resolution techniques such as mediation, conciliation, early neutral evaluation, nonjudicial settlement conferences or any other proceeding leading to a voluntary settlement conducted consistent with the requirements of this chapter. The term includes the orientation session.

(3) Mediation. – A process in which a neutral facilitates communication between the parties and, without deciding the issues or imposing a solution on the parties, enables them to understand and to reach a mutually agreeable resolution to their dispute.

(4) Neutral. – An individual who is trained or experienced in conducting dispute resolution proceedings and in providing dispute resolution services.

(5) Orientation session. – A preliminary meeting during which the dispute resolution proceeding is explained to the parties and the parties and the neutral assess the case and decide whether to continue with a dispute resolution proceeding or adjudication.

(b) The Board may use mediation or a dispute resolution proceeding in appropriate cases to resolve underlying issues or reach a consensus or compromise on contested issues. Mediation and other dispute resolution proceedings as authorized by this section shall be voluntary procedures that supplement, rather than limit, other dispute resolution techniques available to the Board. Mediation or a dispute resolution proceeding may be used for an objection to the issuance of a license only with the consent of, and participation by, the applicant for licensure and shall be terminated at the request of such applicant.

(c) Any resolution of a contested issue accepted by the Board under this section shall be considered a consent agreement as provided in this Chapter. The decision to use mediation or a dispute resolution proceeding is in the Board’s sole discretion and shall not be subject to judicial review.
(d) The Board may adopt rules in accordance with Chapter 150B of the General Statutes for the implementation of this section. Such rules may include (i) standards and procedures for the conduct of mediation and dispute resolution proceedings, including an opportunity for interested persons identified by the Board to participate in the proceeding; (ii) the appointment and function of a neutral to encourage and assist parties to voluntarily compromise or settle contested issues; and (iii) procedures to protect the confidentiality of papers, work products, or other materials.

(e) Except as otherwise provided in subsection (d) of this section, a consent agreement signed by the parties shall not be confidential.

§ 18D-204. Rules of the Board.

(a) The Board may promulgate reasonable rules, not inconsistent with this Chapter or the general laws of the State, that it deems necessary to carry out the provisions of this Chapter and to prevent the illegal cultivation, manufacture, sale, and testing of marijuana and marijuana products. The Board may amend or repeal such rules. Such rules shall be promulgated, amended, or repealed in accordance with Chapter 150B of the General Statutes.

(b) The Board shall promulgate rules that do all of the following:

(1) Govern the outdoor cultivation of marijuana by a marijuana cultivation facility licensee, including security requirements to include lighting, physical security, and alarm requirements, provided that such requirements do not prohibit the cultivation of marijuana outdoors or in a greenhouse.

(2) Establish requirements for securely transporting marijuana between marijuana establishments.

(3) Establish sanitary standards for retail marijuana product preparation.

(4) Establish a testing program for retail marijuana and retail marijuana products pursuant to this Chapter.

(5) Establish an application process for licensure as a marijuana establishment pursuant to this Chapter in a way that, when possible, prevents disparate impacts on historically disadvantaged communities.

(6) Establish requirements for health and safety warning labels to be placed on retail marijuana and retail marijuana products to be sold or offered for sale by a licensee to a consumer in accordance with the provisions of this Chapter.

(7) Establish a maximum tetrahydrocannabinol level for retail marijuana products, which shall not exceed (i) five milligrams per serving for edible marijuana products and where practicable an equivalent amount for other marijuana products or (ii) 50 milligrams per package for edible marijuana products and where practicable an equivalent amount for other marijuana products. Such rules may include other product and dispensing limitations on tetrahydrocannabinol.

(8) Establish requirements for the form, content, and retention of all records and accounts by all licensees.

(9) Provide alternative methods for licensees to maintain and store business records that are subject to Board inspection, including methods for Board-approved electronic and offsite storage.

(10) Establish (i) criteria by which to evaluate new licensees based on the density of retail marijuana stores in the community and (ii) metrics that have similarly shown an association with negative community-level health outcomes or health disparities. In promulgating such regulations, the Board shall coordinate with the Cannabis Public Health Advisory Council established pursuant to G.S. 18D-228.

(11) Require retail licensees to file an appeal from any hearing decision rendered by a hearing officer within 30 days of the date the notice of the decision is
sent. The notice shall be sent to the licensee at the address on record with the Board by certified mail, return receipt requested, and by regular mail.

(12) Prescribe the schedule of proration for refunded license fees to licensees who qualify.

(13) Establish criteria by which to evaluate social equity license applicants, which shall be an applicant who has lived or been domiciled for at least 12 months in the State and is either (i) an applicant with at least fifty-one percent (51%) ownership by a person or persons who have been convicted of or adjudicated delinquent for any marijuana offenses that are eligible for expungement; (ii) an applicant with at least fifty-one percent (51%) ownership by a person or persons who is the parent, child, sibling, or spouse of a person who has been convicted of or adjudicated delinquent for any marijuana offenses that are eligible for expungement; (iii) an applicant with at least fifty-one percent (51%) percent ownership by a person or persons who have resided for at least three of the past five years in a jurisdiction that is determined by the Board after utilizing census tract data made available by the United States Census Bureau to have been disproportionately policed for marijuana crimes; (iv) an applicant with at least fifty-one percent (51%) ownership by a person or persons who have resided for at least three of the last five years in a jurisdiction determined by the Board after utilizing census tract data made available by the United States Census Bureau to be economically distressed; or (v) an applicant with at least fifty-one percent (51%) percent ownership by a person or persons who attended a historically black college or university located in the State.

(14) For the purposes of establishing criteria by which to evaluate social equity license applicants, establish standards by which to determine (i) which jurisdictions have been disproportionately policed for marijuana crimes and (ii) which jurisdictions are economically distressed.

(15) Establish standards and requirements for (i) any preference in the licensing process for qualified social equity applicants, (ii) what percentage of application or license fees are waived for a qualified social equity applicant, and (iii) a low-interest business loan program for qualified social equity applicants.

(16) Establish guidelines, in addition to requirements set forth in this subtitle, for the personal cultivation of marijuana that promote personal and public safety, including child protection, and discourage personal cultivation practices that create a nuisance, including a nuisance caused by odor.

(17) Establish reasonable time, place, and manner restrictions on outdoor advertising of retail marijuana or retail marijuana products, not inconsistent with the provisions of this Chapter, so that such advertising does not encourage or otherwise promote the consumption of retail marijuana or retail marijuana products by persons to whom retail marijuana or retail marijuana products may not be lawfully sold.

(c) The Board may promulgate rules that do any or all of the following:

(1) Limit the number of licenses issued by type or class to operate a marijuana establishment; however, the number of licenses issued shall not exceed the following limits:

a. 400 for retail marijuana stores.
b. 25 for marijuana wholesalers.
c. 60 for marijuana manufacturing facilities.
d. 450 for marijuana cultivation facilities.
(2) Prescribe any requirements deemed appropriate for the administration of taxes under this Chapter, including method of filing a return, information required on a return, and form of payment.

(3) Limit the allowable square footage of a retail marijuana store, which shall not exceed 1,500 square feet.

(d) Rules promulgated under this section shall be uniform in their application, except those relating to hours of sale for licensees.

(e) Courts shall take judicial notice of Board rules.

(f) The Board shall consult with the Cannabis Public Health Advisory Council in promulgating any rules relating to public health, and shall not promulgate any such rule that has not been approved by a majority of the members of the Cannabis Public Health Advisory Council.

(g) The Board's power to regulate shall be broadly construed.

"§ 18D-205. Appointment, salary, and powers of the Chief Executive Officer; appointment of confidential assistant to the Chief Executive Officer.

(a) The Chief Executive Officer of the Commission shall be appointed by the Governor and confirmed by the affirmative vote of a majority of those voting in each house of the General Assembly. The Chief Executive Officer shall not be a member of the Board, shall hold, at a minimum, a baccalaureate degree in business or a related field of study, and shall possess a minimum of seven years of demonstrated experience or expertise in the direct management, supervision, or control of a business or legal affairs. The Chief Executive Officer shall receive such compensation as determined by the Board and approved by the Governor, including any performance bonuses or incentives as the Board deems advisable. The Chief Executive Officer shall be subject to a background check in accordance with this Chapter. The Chief Executive Officer shall (i) carry out the powers and duties conferred upon him by the Board or imposed upon him by law and (ii) meet performance measures or targets set by the Board and approved by the Governor. The Chief Executive Officer may be removed from office by the Governor for cause, including the improper use of the Commission's police powers, malfeasance, misfeasance, incompetence, misconduct, neglect of duty, absenteeism, conflict of interests, failure to meet performance measures or targets as set by the Board and approved by the Governor, failure to carry out the policies of the State as established in the Constitution or by the General Assembly, or refusal to carry out a lawful directive of the Governor.

(b) The Chief Executive Officer shall devote his full time to the performance of his official duties and shall not be engaged in any other profession or occupation.

(c) The Chief Executive Officer shall supervise and administer the operations of the Commission in accordance with this Chapter.

(d) The Chief Executive Officer shall do all of the following:

(1) Serve as the secretary to the Board and keep a true and full record of all proceedings of the Commission and preserve at the Commission's general office all books, documents, and papers of the Commission.

(2) Exercise and perform such powers and duties as may be delegated to him by the Board or as may be conferred or imposed upon him by law.

(3) Employ or retain such special agents or employees subordinate to the Chief Executive Officer as may be necessary to fulfill the duties of the Commission conferred upon the Chief Executive Officer, subject to the Board's approval.

(4) Make recommendations to the Board for legislative and rule changes.

(e) Neither the Chief Executive Officer nor the spouse or any member of the immediate family of the Chief Executive Officer shall make any contribution to a candidate for office or officeholder at the local or State level or cause such a contribution to be made on his or her behalf.

(f) To assist the Chief Executive Officer in the performance of his duties, the Governor shall also appoint one confidential assistant for administration who shall be deemed to serve on an employment-at-will basis.
§ 18D-206. Background investigations of Board members and the Chief Executive Officer.

All members of the Board and the Chief Executive Officer shall be fingerprinted before, and as a condition of, appointment. These fingerprints shall be submitted to the Federal Bureau of Investigation for a national criminal history records search and to the State Bureau of Investigation for a State criminal history records search. The State Bureau of Investigation shall be reimbursed by the Commission for the cost of investigations conducted pursuant to this section. No person shall be appointed to the Board or appointed by the Board who (i) has defrauded or attempted to defraud any federal, state, or local government or governmental agency or authority by making or filing any report, document, or tax return required by statute or regulation that is fraudulent or contains a false representation of a material fact; (ii) has willfully deceived or attempted to deceive any federal, state, or local government or governmental agency or governmental authority by making or maintaining business records required by statute or regulation that are false and fraudulent; or (iii) has been convicted of a felony or a crime involving moral turpitude or a violation of any law applicable to the manufacture, transportation, possession, use, or sale of marijuana within the five years immediately preceding appointment.

§ 18D-207. Financial interests of Board, employees, and family members prohibited.

No Board member or employee of the Commission shall (i) be a principal stockholder or (ii) otherwise have any financial interest, direct or indirect, in any licensee subject to the provisions of this Chapter. No Board member and no spouse or immediate family member of a Board member shall make any contribution to a candidate for office or officeholder at the local or State level or cause such a contribution to be made on his or her behalf.

§ 18D-208. Seed-to-sale tracking system.

To ensure that no retail marijuana or retail marijuana products grown or processed by a marijuana establishment are sold or otherwise transferred except as authorized by law, the Board shall develop and maintain a seed-to-sale tracking system that tracks retail marijuana from either the seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a customer at a retail marijuana store.

§ 18D-209. Funds of the Commission.

All funds of the Commission, from whatever source derived, shall be paid in accordance with G.S. 18D-211.

§ 18D-210. Forms of accounts and records; audit; annual report.

(a) The accounts and records of the Commission showing the receipt and disbursement of funds from whatever source derived shall be in a form prescribed by the State Auditor. The State Auditor or the Auditor’s legally authorized representatives shall annually examine the accounts and books of the Commission. The Commission shall submit an annual report to the Governor and General Assembly on or before December 15 of each year. Such report shall contain the audited annual financial statements of the Commission for the year ending the previous June 30. The Commission shall also submit a six-year plan detailing its assumed revenue forecast, assumed operating costs, number of retail facilities, capital costs, including lease payments, major acquisitions of services and tangible or intangible property, any material changes to the policies and procedures issued by the Commission related to procurement or personnel, and any proposed marketing activities.

(b) Notwithstanding any other provision of law, in exercising any power conferred under this Chapter, the Commission may implement and maintain independent payroll and nonpayroll disbursement systems. These systems and related procedures shall be subject to review and approval by the Office of State Budget and Management. Upon agreement with the Office of State Budget and Management, the Commission may report summary level detail on both payroll and nonpayroll transactions to the Office of State Budget and Management through the applicable financial management system. Such reports shall be made in accordance with policies, procedures, and directives as prescribed by the Office of State Budget and Management. A nonpayroll disbursement system shall include all disbursements and expenditures, other than
§ 18D-211. Disposition of moneys collected by the Board.

(a) Except as otherwise provided in this subsection, all funds collected by the Board shall be paid directly and promptly into the General Fund. All funds so paid into the State treasury, less the net profits determined pursuant to subsection (c) of this section, shall be set aside as and constitute an Enterprise Fund, subject to appropriation, for the payment of (i) the salaries and remuneration of the members, agents, and employees of the Board and (ii) all costs and expenses incurred in the administration of this Chapter.

(b) The net profits derived under the provisions of this Chapter shall be transferred by the Board to the General Fund quarterly, within 50 days after the close of each quarter or as otherwise provided in the Current Operations Appropriations Act. As allowed by the Governor, the Board may deduct from the net profits quarterly a sum for the creation of a reserve fund not exceeding the sum of two million five hundred thousand dollars ($2,500,000) in connection with the administration of this Chapter and to provide for the depreciation on the buildings, plants, and equipment owned, held, or operated by the Board. After accounting for the Commission's expenses as provided in subsection (a) of this section, net profits shall be appropriated in the Current Operations Appropriations Act as follows:

(1) Forty percent (40%) to pre-kindergarten programs for at-risk three-year-olds and four-year-olds.

(2) Thirty percent (30%) to the Cannabis Equity Reinvestment Fund established pursuant to G.S. 143B-472.131.

(3) Twenty-five percent (25%) to substance use disorder prevention and treatment programs.

(4) Five percent (5%) to public health programs.

(c) The Collection of Local Marijuana Taxes Fund is established as a special fund in the office of the State Treasurer. All local tax revenues collected under this Chapter shall be deposited into the Fund. The revenues shall be credited to the account of the locality in which they were collected. If revenues were collected from a marijuana establishment located in more than one locality by reason of the boundary line or lines passing through the marijuana establishment, tax revenues shall be distributed pro rata among the localities. The Commission shall provide any records and assistance necessary to determine the locality to which tax revenues are attributable. On a quarterly basis, moneys in the Fund shall be paid to each locality entitled to the return of its tax revenues, and such payments shall be charged to the account of each such locality under the special fund created by this subsection. If errors are made in any such payment, or adjustments are otherwise necessary, whether attributable to refunds to taxpayers, or to some other fact, the errors shall be corrected and adjustments made in the payments for the next quarter. The funds described in this subsection are hereby appropriated to be used in accordance with this subsection.

(d) As used in this section, "net profits" means the total of all moneys collected by the Board, less local marijuana tax revenues collected under this Chapter and distributed pursuant to this Chapter, and all costs, expenses, and charges authorized by this section.

§ 18D-212. Leases and purchases of property by the Board.

The making of leases and the purchasing of real estate by the Board under the provisions of this Chapter are exempt from the otherwise applicable State procurement laws. The Commission shall be exempt from any otherwise applicable State procurement or disposition laws in relation to leases of real property into which it enters.

§ 18D-213. Exemptions from taxes or assessments.

The exercise of the powers granted by this Chapter shall be in all respects for the benefit of the people of the State, for the increase of their commerce and prosperity, and for the improvement of their living conditions, and as the undertaking of activities in the furtherance of
the purposes of the Commission constitutes the performance of essential governmental functions, the Commission shall not be required to pay any State or local taxes or assessments upon any property acquired or used by the Commission under the provisions of this Chapter or upon the income therefrom, including sales and use taxes on the tangible personal property used in the operations of the Commission. The exemption granted in this section shall not be construed to extend to persons conducting on the premises of any property of the Commission businesses for which State or local taxes would otherwise be required.

"§ 18D-214. Exemption of Commission from personnel and procurement procedures; information systems; etc.

(a) The Commission is exempt from the provisions of the State personnel laws.
(b) The Commission is exempt from otherwise applicable State laws governing the procurement of goods, services, insurance, and construction, and the disposition of surplus materials.
(c) The Commission (i) may purchase from and participate in all statewide contracts for goods and services, including information technology goods and services; (ii) shall use directly or by integration or interface the State's electronic procurement system subject to the terms and conditions agreed upon between the Commission and the Department of Administration; and (iii) shall post on the Department of Administration's central electronic procurement website all Invitations to Bid, Requests for Proposal, sole source award notices, and emergency award notices to ensure visibility and access to the Commission's procurement opportunities on one website.

"§ 18D-215. Reversion to the State.

In the event of the dissolution of the Commission, all assets of the Commission, after satisfaction of creditors, shall revert to the State.

"§ 18D-216. Certified mail; subsequent mail or notices may be sent by regular mail; electronic communications as alternative to regular mail; limitation.

(a) Whenever in this Chapter the Board is required to send any mail or notice by certified mail and such mail or notice is sent certified mail, return receipt requested, then any subsequent, identical mail or notice that is sent by the Board may be sent by regular mail.
(b) Except as provided in subsection (c) of this section, whenever in this Chapter the Board is required or permitted to send any mail, notice, or other official communication by regular mail to persons licensed under this Chapter, upon the request of a licensee, the Board may instead send such mail, notice, or official communication by email, text message, or other electronic means to the email address, telephone number, or other contact information provided to the Board by the licensee, provided that the Board retains sufficient proof of the electronic delivery, which may be an electronic receipt of delivery or a certificate of service prepared by the Board confirming the electronic delivery.
(c) No notice required by this Chapter to a licensee of a hearing that may result in the suspension or revocation of his or her license or the imposition of a civil penalty shall be sent by the Board by email, text message, or other electronic means, nor shall any decision by the Board to suspend or revoke a license or impose a civil penalty be sent by the Board by email, text message, or other electronic means.

"§ 18D-217. Reports and accounting systems of Board; auditing books and records.

(a) The Board shall make reports to the Governor as he or she may require covering the administration and enforcement of this Chapter. Additionally, the Board shall submit an annual report to the Governor, the General Assembly, and the Chief Executive Officer on or before December 15 each year, which shall contain all of the following:

(1) The number of State licenses of each category issued pursuant to this Chapter.
(2) Demographic information concerning the licensees.
(3) A description of enforcement and disciplinary actions taken against licensees.
(4) A statement of revenues and expenses related to the implementation, administration, and enforcement of this Chapter.

(5) A statement showing the taxes collected under this Chapter during the year.

(6) General information and remarks about the working of the cannabis control laws within the State.

(7) A description of the efforts undertaken by the Board to promote diverse business ownership within the cannabis industry.

(8) Any other information requested by the Governor.

(b) The Board shall maintain an accounting system in compliance with generally accepted accounting principles.

(c) A regular postaudit shall be conducted of all accounts and transactions of the Board. An annual audit of a fiscal and compliance nature of the accounts and transactions of the Board shall be conducted by the State Auditor on or before October 1. The cost of the annual audit and postaudit examinations shall be borne by the Board. The Board may order such other audits as it deems necessary.

§ 18D-218. Certain information not to be made public.

(a) Except as otherwise provided in subsection (b) of this section, neither the Board nor its employees shall divulge any information regarding (i) financial reports or records required pursuant to this Chapter; (ii) the purchase orders and invoices for retail marijuana or retail marijuana products filed with the Board by marijuana wholesaler licensees; (iii) taxes collected from, refunded to, or adjusted for any person; or (iv) information contained in the seed-to-sale tracking system maintained by the Board pursuant to this Chapter. Applicable privacy laws shall apply to taxes collected pursuant to this Chapter and to purchase orders and invoices for retail marijuana or retail marijuana products filed with the Board by marijuana wholesaler licensees.

(b) Nothing contained in this section shall prohibit the use or release of such information or documents by the Board to any governmental or law-enforcement agency, or when considering the granting, denial, revocation, or suspension of a license or permit, or the assessment of any penalty against a licensee or permittee, nor shall this section prohibit the Board or its employees from compiling and disseminating to any member of the public aggregate statistical information pertaining to (i) tax collection, as long as such information does not reveal or disclose tax collection from any identified licensee; (ii) the total amount of retail marijuana or retail marijuana products sales in the State by marijuana wholesaler licensees collectively; or (iii) the total amount of purchases or sales submitted by licensees, provided that such information does not identify the licensee.

§ 18D-219. Criminal history records check required on certain employees; reimbursement of costs.

All persons hired by the Commission whose job duties involve access to or handling of the Commission's funds or merchandise shall be subject to a criminal history records check before, and as a condition of, employment. The Board shall develop policies regarding the employment of persons who have been convicted of a felony or a crime involving moral turpitude. The State Bureau of Investigation shall be reimbursed by the Commission for the cost of investigations conducted pursuant to this section.

§ 18D-220. Employees of the Commission.

Employees of the Commission shall be considered employees of the State. Employees of the Commission shall be eligible for membership in the Teachers' and State Employees' Retirement System of North Carolina, and participation in all health and related insurance and other benefits available to State employees as provided by law. Employees of the Commission shall be employed on such terms and conditions as established by the Board. The Board shall develop and adopt policies and procedures that afford its employees grievance rights, ensure that employment decisions shall be based upon the merit and fitness of applicants, and prohibit discrimination because of race, color, religion, national origin, sex, pregnancy, childbirth or
related medical conditions, age, marital status, sexual orientation, gender identity, or disability.
Notwithstanding any other provision of law, the Board shall develop, implement, and administer
a paid leave program, which may include annual, personal, and sick leave or any combination
thereof.
"§ 18D-221. Police power of members, agents, and employees of Board.
Members of the Board are vested, and such agents and employees of the Board designated
by it shall be vested, with like power to enforce the provisions of this Chapter.
"§ 18D-222. Liability of Board members; suits by and against the Board.
(a) No Board member may be sued civilly for doing or omitting to do any act in the
performance of his or her duties as prescribed by this Chapter, except by the State. Such
proceedings by the State shall be instituted and conducted by the Attorney General.
(b) The Board may, in the name of the State, be sued to enforce any contract made by it
or to recover damages for any breach thereof. The Board may defend the proceedings and may
institute proceedings in any court. No such proceedings shall be taken against, or in the names
of, the members of the Board.
"§ 18D-223. Counsel for members, agents, and employees of the Board.
If any member, agent, or employee of the Board shall be arrested, indicted, or otherwise
prosecuted on any charge arising out of any act committed in the discharge of his or her official
duties, the Board chairman may employ special counsel approved by the Attorney General to
defend such member, agent, or employee. The compensation for special counsel employed
pursuant to this section, shall, subject to the approval of the Attorney General, be paid in the
same manner as other expenses incident to the administration of this Chapter are paid.
"§ 18D-224. Hearings; representation by counsel.
Any licensee or applicant for any license granted by the Board shall have the right to be
represented by counsel at any Board hearing for which he or she has received notice. The licensee
or applicant shall not be required to be represented by counsel during such hearing. Any officer
or director of a corporation may examine, cross-examine, and question witnesses, present
evidence on behalf of the corporation, and draw conclusions and make arguments before the
Board or hearing officers without being in violation of any state law or rule prohibiting the
unauthorized practice of law.
"§ 18D-225. Hearings; allowances to witnesses.
Witnesses subpoenaed to appear on behalf of the Board shall be entitled to the same
allowance for expenses as witnesses for the State in criminal cases in accordance with
G.S. 7A-314. Such allowances shall be paid out of the fund from which other costs incurred by
the Board are paid.
"§ 18D-226. Local ordinances or resolutions regulating retail marijuana or retail
marijuana products.
(a) Except as otherwise specifically provided in this Chapter, no municipality shall adopt
any ordinance or resolution that regulates or prohibits the cultivation, manufacture, possession,
sale, wholesale distribution, handling, transportation, consumption, use, advertising, or
dispensing of retail marijuana or retail marijuana products in the State.
(b) Notwithstanding any provision of law to the contrary, the governing body of a
municipality may adopt an ordinance (i) that prohibits the acts described in G.S. 18D-707 or the
acts described in G.S. 18D-708, and may provide a penalty for violation thereof and (ii) that
regulates or prohibits the possession of opened retail marijuana or retail marijuana products
containers in its local public parks, playgrounds, public streets, and any sidewalk adjoining any
public street.
(c) Nothing in this Chapter shall be construed to supersede or limit the authority of a
municipality to adopt and enforce local ordinances to regulate businesses licensed pursuant to
this Chapter, including local zoning and land use requirements and business license requirements.
(d) Except as provided in this section, all local acts, including charter provisions and ordinances of counties, cities, and towns, inconsistent with any of the provisions of this Chapter, are repealed to the extent of such inconsistency.

§ 18D-227. Local ordinance regulating time of sale of retail marijuana and retail marijuana products.
The governing body of each county may adopt ordinances effective in that portion of such county not embraced within the corporate limits of any incorporated town, and the governing body of each city and town may adopt ordinances effective in such city or town, fixing hours during which retail marijuana and retail marijuana products may be sold. Such governing bodies shall provide for fines and other penalties for violations of any such ordinances, which shall be enforced as if the violations were Class A1 misdemeanors. A copy of any ordinance adopted pursuant to this section shall be certified by the governing body adopting it and transmitted to the Board. On and after the effective date of any ordinance adopted pursuant to this section, no retail marijuana store shall sell retail marijuana and retail marijuana products during the hours limited by the ordinance.

§ 18D-228. Cannabis Public Health Advisory Council; purpose; membership; quorum; meetings; compensation and expenses; duties.
(a) The Cannabis Public Health Advisory Council (the Advisory Council) is established as an advisory council to the Board. The purpose of the Advisory Council is to assess and monitor public health issues, trends, and impacts related to marijuana and marijuana legalization and make recommendations regarding health warnings, retail marijuana and retail marijuana products safety and product composition, and public health awareness, programming, and related resource needs.
(b) The Advisory Council shall have a total membership of 21 members that shall consist of 17 nonlegislative citizen members and seven ex officio members. Nonlegislative citizen members of the Council shall be citizens of the State and shall reflect the racial, ethnic, gender, and geographic diversity of the State. Nonlegislative citizen members shall be appointed as follows: five to be appointed by the President Pro Tempore of the Senate; five to be appointed by the Speaker of the House of Representatives; and seven to be appointed by the Governor, subject to confirmation by the General Assembly.
(c) The Secretary of Health and Human Services, the Commissioner of Agriculture, the Secretary of Public Safety, and the Chairman of the Alcoholic Beverage Control Commission, or their designees, shall serve ex officio with voting privileges. Ex officio members of the Advisory Council shall serve terms coincident with their terms of office.
(d) After the initial staggering of terms, nonlegislative citizen members shall be appointed for a term of four years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as the original appointments. All members may be reappointed.
(e) The Advisory Council shall be chaired by the Secretary of Health and Human Services or his or her designee. The Advisory Council shall select a vice-chairman from among its membership. A majority of the members shall constitute a quorum. The Advisory Council shall meet at least two times each year and shall meet at the call of the chairman or whenever the majority of the members so request.
(f) The Advisory Council shall have the authority to create subgroups with additional stakeholders, experts, and State agency representatives.
(g) Members of the Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.
(h) The Advisory Council shall have the following duties, in addition to duties that may be necessary to fulfill its purpose as described in subsection (a) of this section:
(1) To review multi-agency efforts to support collaboration and a unified approach on public health responses related to marijuana and marijuana legalization in the State and to develop recommendations as necessary.

(2) To monitor changes in drug use data related to marijuana and marijuana legalization in the State and the science and medical information relevant to the potential health risks associated with such drug use and make appropriate recommendations to the Board.

(3) Submit an annual report to the Governor and the General Assembly for publication as a report. The chairman shall submit to the Governor and the General Assembly an annual executive summary of the interim activity and work of the Advisory Council no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted as a report and shall be posted on the General Assembly's website.

"Article 3.

"§ 18D-300. Exemptions from licensure.

The licensure requirements of this Chapter shall not apply to a person who cultivates marijuana at home for personal use pursuant to this Chapter.

"§ 18D-301. To whom privileges conferred by licenses extend; liability for violations of law.

The privilege of any licensee to cultivate, manufacture, transport, sell, or test retail marijuana or retail marijuana products shall extend to such licensee and to all agents or employees of such licensee for the purpose of operating under such license. The licensee may be held liable for any violation of this Chapter or any Board rule committed by such agents or employees in connection with their employment.

"§ 18D-302. Separate license for each place of business; transfer or amendment; posting; expiration; civil penalties.

(a) Each license granted by the Board shall designate the place where the business of the licensee will be carried on. A separate license shall be required for each separate place of business.

(b) No license shall be transferable from one person to another or from one location to another. The Board may permit a licensee to amend the classification of an existing license without complying with the posting and publishing procedures required by this Chapter if the effect of the amendment is to reduce materially the privileges of an existing license. However, if (i) the Board determines that the amendment is a device to evade the provisions of this Chapter, (ii) a majority of the corporate stock of a retail marijuana store licensee is sold to a new entity, or (iii) there is a change of business at the premises of a retail marijuana store licensee, the Board may, within 30 days of receipt of written notice by the licensee of a change in ownership or a change of business, require the licensee to comply with any or all of the applicable requirements of this Chapter. If the Board fails to exercise its authority within the 30-day period, the licensee shall not be required to reapply for a license. The licensee shall submit such written notice to the secretary of the Board.

(c) Each license shall be posted in a location conspicuous to the public at the place where the licensee carries on the business for which the license is granted.

(d) The privileges conferred by any license granted by the Board shall continue until the last day of the twelfth month next ensuing or the last day of the designated month and year of expiration, except the license may be sooner terminated for any cause for which the Board would be entitled to refuse to grant a license or by operation of law, voluntary surrender, or order of the Board. The Board may grant licenses for one year or for multiple years, not to exceed three years, based on the fees set by the Board pursuant to this Chapter. Qualification for a multiyear license shall be determined on the basis of criteria established by the Board. Fees for multiyear licenses shall not be refundable except as provided in this Chapter. The Board may provide a discount for
two-year or three-year licenses, not to exceed five percent (5%) of the applicable license fee, which extends for one fiscal year and shall not be altered or rescinded during such period.

(e) The Board may permit a licensee who fails to pay:

(1) The required license fee covering the continuation or reissuance of his or her license by midnight of the fifteenth day of the twelfth month or of the designated month of expiration, whichever is applicable, to pay the fee in lieu of posting and publishing notice and reapplying, provided payment of the fee is made within 30 days following that date and is accompanied by a civil penalty of twenty-five dollars ($25.00) or ten percent (10%) of such fee, whichever is greater.

(2) The fee and civil penalty pursuant to subdivision (1) of this subsection to pay the fee in lieu of posting and publishing notice and reapplying, provided payment of the fee is made within 45 days following the 30 days specified in subdivision (1) of this subsection and is accompanied by a civil penalty of one hundred dollars ($100.00) or twenty-five percent (25%) of such fee, whichever is greater.

(f) The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

§ 18D-303. Records of licensees; inspection of records and places of business.

(a) Every licensed marijuana manufacturing facility or marijuana wholesaler shall keep complete, accurate, and separate records in accordance with Board rules of all marijuana and marijuana products it purchased, manufactured, sold, or shipped.

(b) Every licensed retail marijuana store shall keep complete, accurate, and separate records in accordance with Board rules of all purchases of retail marijuana products, the prices charged by it therefor, and the names and addresses of the persons from whom purchased. Every licensed retail marijuana store shall also preserve all invoices showing its purchases for a period as specified by Board rules. The licensee shall also keep an accurate account of daily sales, showing quantities of retail marijuana products sold and the total price charged by it therefor. Except as otherwise provided in this section, such account need not give the names or addresses of the purchasers thereof, except as may be required by Board rule. Notwithstanding the provisions of subsection (f) of this section, electronic records of licensed retail marijuana stores may be stored off site, provided that such records are readily retrievable and available for electronic inspection by the Board or its special agents at the licensed premises. However, in the case that such electronic records are not readily available for electronic inspection on the licensed premises, the licensee may obtain Board approval, for good cause shown, to permit the licensee to provide the records to a special agent of the Board within three business days or less, as determined by the Board, after a request is made to inspect the records.

(c) Every licensed marijuana cultivation facility shall keep complete, accurate, and separate records in accordance with Board rules of all marijuana and marijuana products it purchased, manufactured, sold, or shipped.

(d) Every licensed marijuana testing facility shall keep complete, accurate, and separate records in accordance with Board rules of all marijuana and marijuana products it developed, researched, or tested and the names and addresses of the licensees or persons who submitted the marijuana or marijuana product to the marijuana testing facility.

(e) The Board and its special agents shall be allowed free access during reasonable hours to every place in the State and to the premises of every licensee or for the purpose of examining and inspecting such place and all records, invoices, and accounts therein. For the purposes of a Board inspection of the records of any retail marijuana store licensees, "reasonable hours" means the hours between 9 a.m. and 5 p.m.; however, if the licensee generally is not open to the public substantially during the same hours, "reasonable hours" means the business hours when the licensee is open to the public. At any other time of day, if the retail marijuana store licensee’s
records are not available for inspection, the licensee shall provide the records to a special agent
of the Board within 24 hours after a request is made to inspect the records.

"Article 4.

§ 18D-400. Marijuana cultivation facility license.
(a) The Board may issue any of the following marijuana cultivation facility licenses, which shall authorize the licensee to cultivate, label, and package retail marijuana; to purchase or take possession of marijuana plants and seeds from other marijuana cultivation facilities; to transfer possession of and sell retail marijuana, immature marijuana plants, and marijuana seeds to marijuana wholesalers; to transfer possession of and sell retail marijuana, marijuana plants, and marijuana seeds to other marijuana cultivation facilities; and to sell immature marijuana plants and seeds to consumers for the purpose of cultivating marijuana at home for personal use:

(1) Class A cultivation facility license, which shall authorize the licensee to cultivate not more than a certain number of marijuana plants or marijuana plants in an area not larger than a certain number of square feet, as determined by the Board.

(2) Class B cultivation facility license, which shall authorize the licensee to cultivate marijuana plants with a tetrahydrocannabinol concentration of no more than one percent (1%), as determined post-decarboxylation.

(b) In accordance with the requirements of G.S. 18D-208, a marijuana cultivation facility licensee shall track the retail marijuana it cultivates from seed or immature marijuana plant to the point at which the marijuana plant or the marijuana produced by the marijuana plant is delivered or transferred to a marijuana testing facility, a marijuana wholesaler, another marijuana cultivation facility, or a consumer or is disposed of or destroyed.

§ 18D-401. Marijuana manufacturing facility license.
(a) The Board may issue marijuana manufacturing facility licenses, which shall authorize the licensee to purchase or take possession of retail marijuana from a marijuana cultivation facility or another marijuana manufacturing facility; to manufacture, label, and package retail marijuana and retail marijuana products; and to transfer possession of and sell retail marijuana and retail marijuana products to marijuana wholesalers or other marijuana manufacturing facilities.

(b) Except as otherwise provided in this Chapter, retail marijuana products shall be prepared on a licensed premises that is used exclusively for the manufacture and preparation of retail marijuana or retail marijuana products and using equipment that is used exclusively for the manufacture and preparation of retail marijuana or retail marijuana products.

(c) All areas within the licensed premises of a marijuana manufacturing facility in which retail marijuana and retail marijuana products are manufactured shall meet all sanitary standards specified in rules adopted by the Board. A marijuana manufacturing facility that manufactures an edible marijuana product shall comply with the applicable State laws and rules governing sanitation at eating and drinking establishments.

(d) In accordance with the requirements of G.S. 18D-208, a marijuana manufacturing facility licensee shall track the retail marijuana it uses in its manufacturing processes from the point the retail marijuana is delivered or transferred to the marijuana manufacturing facility by a marijuana wholesaler licensee to the point the retail marijuana or retail marijuana products produced using the retail marijuana are delivered or transferred to another marijuana manufacturing facility, a marijuana testing facility, or a marijuana wholesaler or are disposed of or destroyed.

§ 18D-402. Marijuana testing facility license.
(a) The Board may issue marijuana testing facility licenses, which shall authorize the licensee to develop, research, or test retail marijuana, retail marijuana products, and other substances.
(b) A marijuana testing facility may develop, research, or test retail marijuana and retail marijuana products for (i) that facility, (ii) another licensee, or (iii) a person who intends to use the retail marijuana or retail marijuana product for personal use as authorized by this Chapter.

d) To obtain licensure from the Board, a marijuana testing facility shall be required to obtain and maintain accreditation pursuant to standard ISO/IEC 17025 of the International Organization for Standardization by a third-party accrediting body.

e) In accordance with the requirements of G.S. 18D-208, a marijuana testing facility licensee shall track all marijuana and marijuana products it receives from a licensee for testing purposes from the point at which the marijuana or marijuana products are delivered or transferred to the marijuana testing facility to the point at which the marijuana or marijuana products are disposed of or destroyed.

§ 18D-403. Marijuana wholesaler license.

(a) The Board may issue marijuana wholesaler licenses, which shall authorize the licensee to purchase or take possession of retail marijuana, retail marijuana products, immature marijuana plants, and marijuana seeds from a marijuana cultivation facility, a marijuana manufacturing facility, or another marijuana wholesaler and to transfer possession and sell or resell retail marijuana, retail marijuana products, immature marijuana plants, and marijuana seeds to a marijuana manufacturing facility, retail marijuana store, or another marijuana wholesaler.

(b) All areas within the licensed premises of a marijuana wholesaler in which retail marijuana and retail marijuana products are stored shall meet all sanitary standards specified in rules adopted by the Board.

c) In accordance with the requirements of G.S. 18D-208, a marijuana wholesaler licensee shall track the retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds from the point at which the retail marijuana, retail marijuana products, plants, or seeds are delivered or transferred to the marijuana wholesaler to the point at which the retail marijuana, retail marijuana products, plants, or seeds are transferred or sold to a marijuana manufacturer, marijuana wholesaler, retail marijuana store, or marijuana testing facility or are disposed of or destroyed.

§ 18D-404. Retail marijuana store license.

(a) The Board may issue retail marijuana store licenses, which shall authorize the licensee to purchase or take possession of retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds from a marijuana wholesaler and to sell retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds to consumers on premises approved by the Board.

(b) Retail marijuana stores shall be operated in accordance with all of the following provisions:

1. A person shall be 21 years of age or older to make a purchase in a retail marijuana store.

2. A retail marijuana store shall be permitted to sell retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds to consumers only in a direct, face-to-face exchange. Such store shall not be permitted to sell retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds using any of the following:
   a. An automated dispensing or vending machine.
   b. A drive-through sales window.
c. An Internet-based sales platform.
d. A delivery service.

(3) A retail marijuana store shall not be permitted to sell more than two ounces of marijuana or an equivalent amount of marijuana products as determined by rules adopted by the Board during a single transaction to one person.

(4) A retail marijuana store shall not do any of the following:

a. Give away any retail marijuana or retail marijuana products, except as otherwise permitted by this Chapter.
b. Sell retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds to any person when at the time of such sale he or she knows or has reason to believe that the person attempting to purchase the retail marijuana, retail marijuana product, immature marijuana plant, or marijuana seeds is intoxicated or is attempting to purchase retail marijuana for someone younger than 21 years of age.

c. Employ or allow to volunteer any person younger than 21 years of age.

(5) In accordance with the requirements of G.S. 18D-208, a retail marijuana store licensee shall track all retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds from the point at which the retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds are delivered or transferred to the retail marijuana store by a marijuana wholesaler to the point at which the retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds are sold to a consumer, delivered or transferred to a marijuana testing facility, or disposed of or destroyed.

(c) Each retail marijuana store licensee shall post in each retail marijuana store notice of the existence of a human trafficking hotline to alert possible witnesses or victims of human trafficking to the availability of a means to report crimes or gain assistance. The notice required by this section shall be posted in a place readily visible and accessible to the public.

(d) Each retail marijuana store licensee shall prominently display and make available for dissemination to consumers Board-approved information regarding the potential risks of marijuana use.

(e) Each retail marijuana store licensee shall provide training, established by the Board, to all employees educating them on how to discuss the potential risks of marijuana use with consumers.

"§ 18D-405. Multiple licenses awarded to one person prohibited."

(a) As used in this section, "interest" means an equity ownership interest or a partial equity ownership interest or any other type of financial interest, including but not limited to being an investor or serving in a management position.

(b) No person shall be granted or have interest in a license in more than one of the following license categories: marijuana cultivation facility license, marijuana manufacturing facility license, marijuana wholesaler license, retail marijuana store license, or marijuana testing facility license. No person shall be granted or have interest in more than five licenses.

"§ 18D-406. Temporary permits required in certain instances."

(a) The Board may grant a permit that shall authorize any person who purchases at a foreclosure, secured creditor's, or judicial auction sale the premises or property of a person licensed by the Board and who has become lawfully entitled to the possession of the licensed premises to continue to operate the marijuana establishment to the same extent as a person holding such licenses for a period not to exceed 60 days or for such longer period as determined by the Board. Such permit shall be temporary and shall confer the privileges of any licenses held by the previous owner to the extent determined by the Board. Such temporary permit may be issued in advance, conditioned on the requirements in this subsection.
(b) A temporary permit granted pursuant to subsection (a) of this section may be revoked summarily by the Board for any cause set forth in G.S. 18D-501 without complying with G.S. 18D-504. Revocation of a temporary permit shall be effective upon service of the order of revocation upon the permittee or upon the expiration of three business days after the order of the revocation has been mailed to the permittee at either his residence or the address given for the business in the permit application. No further notice shall be required.

"§ 18D-407. Licensee shall maintain possession of premises.

As a condition of licensure, a licensee shall at all times maintain possession of the licensed premises of the marijuana establishment that the licensee is licensed to operate, whether pursuant to a lease, rental agreement, or other arrangement for possession of the premises or by virtue of ownership of the premises. If the licensee fails to maintain possession of the licensed premises, the license shall be revoked by the Board.

"§ 18D-408. Use or consumption of marijuana or marijuana products on premises of licensee by licensee, agent, or employee.

No marijuana or marijuana products may be used or consumed on the premises of a licensee by the licensee or any agent or employee of the licensee, except for certain sampling for quality control purposes that may be permitted by Board rule.

"§ 18D-409. Conditions under which the Board may refuse to grant licenses.

The Board may refuse to grant any license if it has reasonable cause to believe that any of the following conditions is met:

(1) The applicant, or if the applicant is a partnership, any general partner thereof, or if the applicant is an association, any member thereof, or a limited partner of ten percent (10%) or more with voting rights, or if the applicant is a corporation, any officer, director, or shareholder owning ten percent (10%) or more of its capital stock, or if the applicant is a limited liability company, any member-manager or any member owning ten percent (10%) or more of the membership interest of the limited liability company, satisfies any of the following conditions:

a. Is not 21 years of age or older.
b. Is not a resident of the State.
c. Has been convicted in any court of any crime or offense involving moral turpitude under the laws of any state or of the United States within seven years of the date of the application or has not completed all terms of sentencing and probation resulting from any such felony conviction.
d. Knowingly employs someone younger than 21 years of age.
e. Is not the legitimate owner of the business proposed to be licensed, or other persons have ownership interests in the business that have not been disclosed.
f. Has not demonstrated financial responsibility sufficient to meet the requirements of the business proposed to be licensed.
g. Has misrepresented a material fact in applying to the Board for a license.
h. Has defrauded or attempted to defraud the Board, or any federal, state, or local government or governmental agency or authority, by making or filing any report, document, or tax return required by statute or rule that is fraudulent or contains a false representation of a material fact; or has willfully deceived or attempted to deceive the Board, or any federal, state, or local government or governmental agency or authority, by making or maintaining business records required by statute or rule that are false or fraudulent.
i. Is violating or allowing the violation of any provision of this Chapter
in his or her establishment at the time his or her application for a
license is pending.

j. Is a police officer with police authority in the political subdivision
within which the establishment designated in the application is
located.

k. Is a manufacturer, distributor, or retailer of alcoholic beverages
permitted under Chapter 18B of the General Statutes or a retailer of
tobacco or tobacco products.

l. Is physically unable to carry on the business for which the application
for a license is filed or has been adjudicated incapacitated.

(2) The place to be occupied by the applicant satisfies any of the following
conditions:

a. Does not conform to the requirements of the governing body of the
county, city, or town in which such place is located with respect to
sanitation, health, construction, or equipment, or to any similar
requirements established by the laws of the State or by Board rule.

b. Is so located that granting a license and operation thereunder by the
applicant would result in violations of this Chapter or Board rule or
violation of the laws of the State or local ordinances relating to peace
and good order.

c. Is so located with respect to any place of religious worship; hospital;
public, private, or parochial school or institution of higher education;
public or private playground or other similar recreational facility;
substance use disorder treatment facility; or federal, state, or local
government-operated facility that the operation of such place under
such license will adversely affect or interfere with the normal, orderly
conduct of the affairs of such facilities or institutions.

d. Is so located with respect to any residence or residential area that the
operation of such place under such license will adversely affect real
property values or substantially interfere with the usual quietude and
tranquility of such residence or residential area.

e. When the applicant is applying for a retail marijuana store license, is
located within 1,000 feet of an existing retail marijuana store.

f. Under a retail marijuana store license, is so constructed, arranged, or
illuminated that law enforcement officers and special agents of the
Board are prevented from ready access to and reasonable observation
of any room or area within which retail marijuana or retail marijuana
products are to be sold.

Nothing in this subdivision shall be construed to require an applicant to have
secured a place or premises until the final stage of the license approval
process.

(3) The number of licenses existing in the locality is such that the granting of a
license is detrimental to the interest, morals, safety, or welfare of the public.
In reaching such conclusion, the Board shall consider the (i) criteria
established by the Board to evaluate new licensees based on the density of
retail marijuana stores in the community; (ii) character of, population of,
number of similar licenses, and number of all licenses existent in the particular
county, city, or town and the immediate neighborhood concerned; (iii) effect
that a new license may have on such county, city, town, or neighborhood in
conforming with the purposes of this Chapter; and (iv) objections, if any, that may have been filed by a local governing body or local residents.

(4) There exists any law, ordinance, or regulation of the United States, the State, or any political subdivision thereof that warrants refusal by the Board to grant any license.

(5) The Board is not authorized under this Chapter to grant such license.

"§ 18D-410. Conditions under which the Board shall refuse to grant licenses.

The Board shall refuse to grant any license to any member or employee of the Board or to any corporation or other business entity in which such member or employee is a stockholder or has any other economic interest. Whenever any other elected or appointed official of the State or any political subdivision thereof applies for such a license or continuance thereof, he or she shall state on the application the official position he or she holds, and whenever a corporation or other business entity in which any such official is a stockholder or has any other economic interest applies for such a license, it shall state on the application the full economic interests of each such official in such corporation or other business entity.

"§ 18D-411. Notice and hearings for refusal to grant licenses; Administrative Procedure Act; exceptions.

(a) The action of the Board in granting or in refusing to grant any license shall be subject to judicial review in accordance with Chapter 150B of the General Statutes, except as provided in subsections (b) or (c) of this section. Such review shall extend to the entire evidential record of the proceedings provided by the Board. An appeal shall lie to the Court of Appeals from any order of the court. Neither mandamus nor injunction shall lie in any such case.

(b) The Board may refuse a hearing on any application for the granting of any retail marijuana store license, provided that any of the following conditions has been met:

(1) The license for the applicant has been refused or revoked within a period of 12 months.

(2) The license for any premises has been refused or revoked at that location within a period of 12 months.

(3) The applicant, within a period of 12 months immediately preceding, has permitted a license granted by the Board to expire for nonpayment of license fee, and at the time of expiration of such license, there was a pending and unadjudicated charge, either before the Board or in any court, against the licensee alleging a violation of this Chapter.

(c) If an applicant has permitted a license to expire for nonpayment of license fee, and at the time of expiration there remained unexecuted any period of suspension imposed upon the licensee by the Board, the Board may refuse a hearing on an application for a new license until after the date on which the suspension period would have been executed had the license not have been permitted to expire.

"Article 5.

"Administration of Licenses. – Suspension and Revocation.

"§ 18D-501. Grounds for which Board may suspend or revoke licenses.

The Board may suspend or revoke any license if it has reasonable cause to believe that any of the following conditions has been met:

(1) The licensee, or if the licensee is a partnership, any general partner thereof, or if the licensee is an association, any member thereof, or a limited partner of ten percent (10%) or more with voting rights, or if the licensee is a corporation, any officer, director, or shareholder owning ten percent (10%) or more of its capital stock, or if the licensee is a limited liability company, any member-manager or any member owning ten percent (10%) or more of the membership interest of the limited liability company, and any of the following conditions has been met:
a. Has misrepresented a material fact in applying to the Board for such license.
b. Within the five years immediately preceding the date of the hearing held in accordance with this Chapter, committed a violation of Article 7, 8, or 9 of this Chapter; (ii) committed a violation of this Chapter in bad faith; (iii) violated or failed or refused to comply with any regulation, rule, or order of the Board; or (iv) failed or refused to comply with any of the conditions or restrictions of the license granted by the Board.
c. Has been convicted in any court of a felony or of any crime or offense involving moral turpitude under the laws of any state, or of the United States.
d. Is not the legitimate owner of the business conducted under the license granted by the Board, or other persons have ownership interests in the business that have not been disclosed.
e. Cannot demonstrate financial responsibility sufficient to meet the requirements of the business conducted under the license granted by the Board.
f. Has been intoxicated or under the influence of some self-administered drug while upon the licensed premises.
g. Has maintained the licensed premises in an unsanitary condition, or allowed such premises to become a meeting place or rendezvous for members of a criminal gang, as defined in G.S. 14-50.16A, or persons of ill repute, or has allowed any form of illegal gambling to take place upon such premises.
h. Has allowed any person whom he or she knew or had reason to believe was intoxicated to loiter upon such licensed premises.
i. Has allowed any person to consume upon the licensed premises any marijuana or marijuana product except as provided under this Chapter.
j. Is physically unable to carry on the business conducted under such license or has been adjudicated incapacitated.
k. Has possessed any illegal gambling apparatus, machine, or device upon the licensed premises.
l. Has upon the licensed premises (i) illegally possessed, distributed, sold, or used, or has knowingly allowed any employee or agent, or any other person, to illegally possess, distribute, sell, or use, controlled substances, imitation controlled substances, drug paraphernalia, or controlled paraphernalia; (ii) laundered money; or (iii) conspired to commit any drug-related offense in violation of Chapter 90 of the General Statutes. The provisions of this subdivision also apply to any conduct related to the operation of the licensed business that facilitates the commission of any of the offenses set forth herein.
m. Has failed to take reasonable measures to prevent (i) the licensed premises, (ii) any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or (iii) any portion of public property immediately adjacent to the licensed premises from becoming a place where patrons of the establishment commit criminal offenses, such violations lead to arrests that are so frequent and serious as to reasonably be deemed a continuing threat to the public safety.
n. Has failed to take reasonable measures to prevent an act of violence resulting in death or serious bodily injury, or a recurrence of such acts,
from occurring on (i) the licensed premises, (ii) any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or (iii) any portion of public property immediately adjacent to the licensed premises.

o. Has been sanctioned by the North Carolina Board of Pharmacy.

p. Has refused to (i) pay employees prevailing wages as determined by the U.S. Department of Labor or (ii) classify no more than ten percent (10%) of its workers as independent contractors.

(2) The place occupied by the licensee meets any of the following conditions:

a. Does not conform to the requirements of the governing body of the county, city, or town in which such establishment is located, with respect to sanitation, health, construction, or equipment, or to any similar requirements established by the laws of the State or by Board rules.

b. Has been adjudicated a nuisance.

c. Has become a meeting place or rendezvous for illegal gambling, illegal users of narcotics, drunks, prostitutes, pimps, panderers, or habitual law violators or has become a place where illegal drugs are regularly used or distributed. The Board may consider the general reputation in the community of such establishment in addition to any other competent evidence in making such determination.

(3) The licensee or any employee of the licensee discriminated against any member of the Armed Forces of the United States by prices charged or otherwise.

(4) Any cause exists for which the Board would have been entitled to refuse to grant such license had the facts been known.

(5) The licensee is delinquent for a period of 90 days or more in the payment of any taxes, or any penalties or interest related thereto, lawfully imposed by the locality where the licensed business is located, as certified by the treasurer, commissioner of the revenue, or finance director of such locality, unless (i) the outstanding amount is de minimis; (ii) the licensee has pending a bona fide application for correction or appeal with respect to such taxes, penalties, or interest; or (iii) the licensee has entered into a payment plan approved by the same 7213 locality to settle the outstanding liability.

(6) The licensee has been convicted for a violation of 8 U.S.C. § 1324a(f), as amended, for actions of its agents or employees constituting a pattern or practice of employing unauthorized aliens on the licensed premises in the State.

(7) Any other cause authorized by this Chapter.

§ 18D-502. Summary suspension in emergency circumstances; grounds; notice and hearing.

(a) Notwithstanding any provision of law to the contrary, the Board may summarily suspend any license or permit if it has reasonable cause to believe that an act of violence resulting in death or serious bodily injury, or a recurrence of such acts, has occurred on (i) the licensed premises, (ii) any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or (iii) any portion of public property immediately adjacent to the licensed premises, and the Board finds that there exists a continuing threat to public safety and that summary suspension of the license or permit is justified to protect the health, safety, or welfare of the public.

(b) Prior to issuing an order of suspension pursuant to this section, special agents of the Board shall conduct an initial investigation and submit all findings to the Secretary of the Board.
within 48 hours of any such act of violence. If the Board determines suspension is warranted, it shall immediately notify the licensee of its intention to temporarily suspend his or her license pending the outcome of a formal investigation. Such temporary suspension shall remain effective for a minimum of 48 hours. After the 48-hour period, the licensee may petition the Board for a restricted license pending the results of the formal investigation and proceedings for disciplinary review. If the Board determines that a restricted license is warranted, the Board shall have discretion to impose appropriate restrictions based on the facts presented.

(c) Upon a determination to temporarily suspend a license, the Board shall immediately commence a formal investigation. The formal investigation shall be completed within 10 days of its commencement and the findings reported immediately to the Secretary of the Board. If, following the formal investigation, the Secretary of the Board determines that suspension of the license is warranted, a hearing shall be held within five days of the completion of the formal investigation. A decision shall be rendered within 10 days of the conclusion of the hearing. If a decision is not rendered within 10 days of the conclusion of the hearing, the order of suspension shall be vacated and the license reinstated. Any appeal by the licensee shall be filed within 10 days of the decision and heard by the Board within 20 days of the decision. The Board shall render a decision on the appeal within 10 days of the conclusion of the appeal hearing.

(d) Service of any order of suspension issued pursuant to this section shall be made by a special agent of the Board in person and by certified mail to the licensee. The order of suspension shall take effect immediately upon service.

(e) This section shall not apply to temporary permits granted under this Chapter.

§ 18D-503. Grounds for which Board shall suspend or revoke licenses.

The Board shall suspend or revoke any license if it finds that either of the following conditions is met:

(1) A licensee has violated or permitted a violation of relating to the illegal possession of a gambling device upon the premises for which the Board has granted a retail marijuana store license.

(2) A licensee has defrauded or attempted to defraud the Board, or any federal, state, or local government or governmental agency or authority, by making or filing any report, document, or tax return required by statute or regulation that is fraudulent or contains a willful or knowing false representation of a material fact or has willfully deceived or attempted to deceive the Board, or any federal, state, or local government or governmental agency or authority, by making or maintaining business records required by statute or regulation that are false or fraudulent.

§ 18D-504. Suspension or revocation of licenses; notice and hearings; imposition of civil penalties.

(a) Before the Board may suspend or revoke any license, reasonable notice of such proposed or contemplated action shall be given to the licensee in accordance with the provisions of Chapter 150B of the General Statutes. Notwithstanding any provision of law to the contrary, the Board shall, upon written request by the licensee, permit the licensee to inspect and copy or photograph all (i) written or recorded statements made by the licensee or copies thereof or the substance of any oral statements made by the licensee or a previous or present employee of the licensee to any law enforcement officer, the existence of which is known by the Board and upon which the Board intends to rely as evidence in any adversarial proceeding under this Chapter against the licensee, and (ii) designated books, papers, documents, tangible objects, buildings, or places, or copies or portions thereof, that are within the possession, custody, or control of the Board and upon which the Board intends to rely as evidence in any adversarial proceeding under this Chapter against the licensee. In addition, any subpoena for the production of documents issued to any person at the request of the licensee or the Board shall provide for the production of the documents sought within 10 working days, notwithstanding any provision of law to the
contrary. If the Board fails to provide for inspection or copying under this section for the licensee
after a written request, the Board shall be prohibited from introducing into evidence any items
the licensee would have lawfully been entitled to inspect or copy under this section. The action
of the Board in suspending or revoking any license or in imposing a civil penalty shall be subject
to judicial review in accordance with Chapter 150B of the General Statutes. Such review shall
extend to the entire evidential record of the proceedings provided by the Board in accordance
with Chapter 150B of the General Statutes. An appeal shall lie to the Court of Appeals from any
order of the court. Notwithstanding any provision of law to the contrary, the final judgment or
order of the lower court shall not be suspended, stayed, or modified pending appeal to the Court
of Appeals. Neither mandamus nor injunction shall lie in any such case.

(b) In suspending any license the Board may impose, as a condition precedent to the
removal of such suspension or any portion thereof, a requirement that the licensee pay the cost
incurred by the Board in investigating the licensee and in holding the proceeding resulting in
such suspension, or it may impose and collect such civil penalties as it deems appropriate. In no
event shall the Board impose a civil penalty exceeding two thousand dollars ($2,000) for the first
violation occurring within five years immediately preceding the date of the violation or five
thousand dollars ($5,000) for the second or subsequent violation occurring within five years
immediately preceding the date of the second or subsequent violation. However, if the violation
involved selling retail marijuana or retail marijuana products to a person prohibited from
purchasing retail marijuana or retail marijuana products or allowing consumption of retail
marijuana or retail marijuana products, the Board may impose a civil penalty not to exceed three
thousand dollars ($3,000) for the first violation occurring within five years immediately
preceding the date of the violation and six thousand dollars ($6,000) for a second or subsequent
violation occurring within five years immediately preceding the date of the second or subsequent
violation in lieu of such suspension or any portion thereof, or both. The Board may also impose
a requirement that the licensee pay for the cost incurred by the Board not exceeding twenty-five
thousand dollars ($25,000) in investigating the licensee and in holding the proceeding resulting
in the violation in addition to any suspension or civil penalty incurred.

(c) Following notice to (i) the licensee of a hearing that may result in the suspension or
revocation of his or her license or (ii) the applicant of a hearing to resolve a contested application,
the Board may accept a consent agreement. The notice shall advise the licensee or applicant of
the option to admit the alleged violation or the validity of the objection; waive any right to a
hearing or an appeal; and accept the proposed restrictions for operating under the license, accept
the option to admit the alleged violation or the validity of the objection; waive any right to a
hearing or an appeal; and accept the proposed restrictions for operating under the license, accept
the option to admit the alleged violation or the validity of the objection; waive any right to a
hearing or an appeal; and accept the proposed restrictions for operating under the license, accept
the option to admit the alleged violation or the validity of the objection; waive any right to a
hearing or an appeal; and accept the proposed restrictions for operating under the license, accept

(d) The Board shall do all of the following by rule or written order:

1. Designate those (i) objections to an application or (ii) alleged violations that
   will proceed to an initial hearing.

2. Designate the violations for which a waiver of a hearing and payment of a
   civil charge in lieu of suspension may be accepted for a first offense occurring
   within three years immediately preceding the date of the violation.

3. Provide for a reduction in the length of any suspension and a reduction in the
   amount of any civil penalty for any retail marijuana store licensee where the
   licensee can demonstrate that it provided to its employees marijuana seller
   training certified in advance by the Board.

4. Establish a schedule of penalties for such offenses, prescribing the appropriate
   suspension of a license and the civil charge acceptable in lieu of such
   suspension.

5. Establish a schedule of offenses for which any penalty may be waived upon a
   showing that the licensee has had no prior violations within five years.
immediately preceding the date of the violation. No waiver shall be granted
by the Board, however, for a licensee's willful and knowing violation of this
Chapter or Board rules.

§ 18D-505. Suspension or revocation; disposition of retail marijuana or retail marijuana
products on hand; termination.
(a) Retail marijuana or retail marijuana products owned by or in the possession of or for
sale by any licensee at the time the license of such person is suspended or revoked may be
disposed of through either of the following:
(1) Sold to persons in the State licensed to sell such retail marijuana or retail
marijuana products upon permits granted by the Board and conditions
specified by the Board.
(2) Provided to the local law enforcement agency to be destroyed.
(b) All retail marijuana or retail marijuana products owned by or in the possession of any
person whose license is suspended or revoked shall be disposed of by such person in accordance
with the provisions of this section within 60 days from the date of such suspension or revocation.
(c) Retail marijuana or retail marijuana products owned by or in the possession of or for
sale by persons whose licenses have been terminated other than by suspension or revocation may
be disposed of in accordance with subsection (a) of this section within such time as the Board
deems proper. Such period shall not be less than 60 days.
(d) All retail marijuana or retail marijuana products owned by or remaining in the
possession of any person described in subsection (a) or (c) of this section after the expiration of
such period shall be deemed contraband and forfeited to the State.

"Article 6.

§ 18D-600. Applications for licenses; publication; notice to localities; fees; permits.
(a) Every person intending to apply for any license authorized by this Chapter shall file
with the Board an application on forms provided by the Board and a statement in writing by the
applicant swearing and affirming that all of the information contained therein is true. Applicants
for licenses for establishments that are otherwise required to obtain an inspection shall provide
proof of inspection or proof of a pending request for such inspection. If the applicant provides
proof of inspection or proof of a pending request for an inspection, a license may be issued to the
applicant. If a license is issued on the basis of a pending application or inspection, such license
shall authorize the licensee to purchase retail marijuana, retail marijuana products, immature
marijuana plants, or marijuana seeds in accordance with the provisions of this Chapter; however,
the licensee shall not sell retail marijuana, retail marijuana products, immature marijuana plants,
or marijuana seeds until an inspection is completed.
(b) In addition, each applicant for a license under the provisions of this Chapter shall post
a notice of his or her application with the Board on the front door of the building, place, or room
where he proposes to engage in such business for no more than 30 days and not less than 10 days.
Such notice shall be of a size and contain such information as required by the Board, including a
statement that any objections shall be submitted to the Board not more than 30 days following
initial posting of the notice required pursuant to this subsection. The applicant shall also cause
notice to be published at least once a week for two consecutive weeks in a newspaper published
in or having a general circulation in the county, city, or town wherein such applicant proposes to
engage in such business. Such notice shall contain such information as required by the Board,
including a statement that any objections to the issuance of the license be submitted to the Board
not later than 30 days from the date of the initial newspaper publication. The Board shall conduct
a background investigation, to include a criminal history records search, which may include a
fingerprint-based national criminal history records search, on each applicant for a license.
However, the Board may waive, for good cause shown, the requirement for a criminal history
records search and completed personal data form for officers, directors, nonmanaging members,
or limited partners of any applicant corporation, limited liability company, or limited partnership.

In considering criminal history record information, the Board shall not disqualify an applicant because of a past conviction for a marijuana-related offense. The Board shall notify the local governing body of each license application through the town manager, city manager, county administrator, or other designee of the locality. Local governing bodies shall submit objections to the granting of a license within 30 days of the filing of the application.

(c) Each applicant shall pay the required application fee at the time the application is filed, except that such fee shall be waived or discounted for qualified social equity applicants pursuant to rules promulgated by the Board. The license application fee shall be determined by the Board and shall be in addition to the actual cost charged for processing any fingerprints for each criminal history records search required by the Board. Application fees shall be in addition to the State license fee required pursuant to this Chapter and shall not be refunded.

(d) Subsection (a) of this section shall not apply to the continuance of licenses granted under this Chapter; however, all licensees shall file and maintain with the Board a current, accurate record of the information required by the Board pursuant to subsection (a) of this section and notify the Board of any changes to such information in accordance with Board rules.

(e) Every application for a permit granted pursuant to G.S. 18D-406 shall be on a form provided by the Board. Such permits shall confer upon their holders no authority to make solicitations in the State as otherwise provided by law. The fee for a temporary permit shall be one-twelfth of the combined fees required by this section for applicable licenses to sell retail marijuana or retail marijuana products computed to the nearest cent and multiplied by the number of months for which the permit is granted.

(f) The Board shall have the authority to increase State license fees. The Board shall set the amount of such increases on the basis of the consumer price index and shall not increase fees more than once every three years. Prior to implementing any State license fee increase, the Board shall provide notice to all licensees and the general public of (i) the Board's intent to impose a fee increase and (ii) the new fee that would be required for any license affected by the Board's proposed fee increases. Such notice shall be provided on or before November 1 in any year in which the Board has decided to increase state license fees, and such increases shall become effective July 1 of the following year.

§ 18D-601. Fees for State licenses.

(a) The annual fees on State licenses shall be determined by the Board.

(b) The fee on each license granted or reissued for a period other than 12, 24, or 36 months shall be equal to one-twelfth of the fees required by subsection (a) of this section, computed to the nearest cent, multiplied by the number of months in the license period, and then increased by five percent (5%). Such fee shall not be refundable, except as provided in G.S. 18D-602.

(c) Nothing in this Chapter shall exempt any licensee from any other applicable fees or taxes required under State law.

(d) In addition to the fees set forth in this section, a fee of five dollars ($5.00) may be imposed on any license purchased in person from the Board if such license is available for purchase online.

§ 18D-602. Refund of State license fee.

(a) The Board may correct erroneous assessments made by it against any person and make refunds of any amounts collected pursuant to erroneous assessments, or collected as fees on licenses, that are subsequently refused or application therefor withdrawn, and to allow credit for any license fees paid by any licensee for any license that is subsequently merged or changed into another license during the same license period. No refund shall be made of any such amount, however, unless made within three years from the date of collection of the same.

(b) In any case where a licensee has changed its name or form of organization during a license period without any change being made in its ownership, and because of such change is
required to pay an additional license fee for such period, the Board shall refund to such licensee
the amount of such fee so paid in excess of the required license fee for such period.
(c) The Board shall make refunds, prorated according to a schedule of its prescription, to
licensees of State license fees paid pursuant to subsection (a) of G.S. 18D-601 if the place of
business designated in the license is destroyed by an act of God, including, but not limited to,
fire, earthquake, hurricane, storm, or similar natural disaster or phenomenon.
(d) Any amount required to be refunded under this section shall be paid out of moneys
appropriated to the Board.
§ 18D-603. Marijuana tax; exceptions.
(a) A tax of twenty-one percent (21%) is levied on the sale in the State of any retail
marijuana, marijuana retail products, marijuana paraphernalia sold by a retail marijuana store,
non-retail marijuana, and non-retail marijuana products. The tax shall be in addition to any tax
imposed under any other provision of federal, State, or local law.
(b) The tax shall not apply to any of the following sales:
(1) From a marijuana establishment to another marijuana establishment.
(2) Of cannabis oil for treatment allowed by law.
(3) Of industrial hemp by a grower, processor, or dealer under the provisions of
Article 50F of Chapter 106 of the General Statutes.
(4) Of industrial hemp extract or food containing an industrial hemp extract under
the provisions of Article 50F of Chapter 106 of the General Statutes.
(c) All revenues remitted to the Commission under this section shall be disposed of as
provided in G.S. 18D-211.
§ 18D-604. Optional local marijuana tax.
(a) Any locality may by ordinance levy a three percent (3%) tax on any sale taxable under
G.S. 18D-603. The tax shall be in addition to any local sales tax imposed by law. Other than the
taxes authorized and identified in this subsection, a locality shall not impose any other tax on a
sale taxable under G.S. 18D-603.
(b) If a city or town imposes a tax under this section, any tax imposed by its surrounding
county under this section shall not apply within the limits of the city or town.
(c) Nothing in this section shall be construed to prohibit a locality from imposing any tax
authorized by law on a person or property regulated under this Chapter. Nothing in this section
shall be construed to limit the authority of any locality to impose a license or privilege tax or fee
on a business engaged in whole or in part in sales taxable under G.S. 18D-603 if such tax or fee
is (i) based on an annual or per-event flat fee authorized by law or (ii) is an annual license or
privilege tax authorized by law, and such tax includes sales or receipts taxable under
G.S. 18D-603 in its taxable measure.
(d) Any locality that enacts an ordinance pursuant to subsection (a) of this section shall,
within 30 days, notify the Commission and any retail marijuana store in such locality of the
ordinance's enactment. The ordinance shall take effect on the first day of the second month
following its enactment.
(e) Any tax levied under this section shall be administered and collected by the
Commission in the same manner as provided for the tax imposed under G.S. 18D-603.
(f) All revenues remitted to the Commission under this section shall be disposed of as
provided in G.S. 18D-211.
§ 18D-605. Tax returns and payments; commissions; interest.
(a) For any sale taxable under G.S. 18D-603 and G.S. 18D-604, the seller shall be liable
for collecting any taxes due. All taxes collected by a seller shall be deemed to be held in trust for
the State. The buyer shall not be liable for collecting or remitting the taxes or filing a return.
(b) On or before the tenth day of each month, any person liable for a tax due under
G.S. 18D-603 and G.S. 18D-604 shall file a return under oath with the Commission and pay any
taxes due. Upon written application by a person filing a return, the Commission may, if it
determines good cause exists, grant an extension to the end of the calendar month in which the
tax is due, or for a period not exceeding 30 days. Any extension shall toll the accrual of any
interest or penalties under G.S. 18D-608.
(c) The Commission may accept payment by any commercially acceptable means,
including cash, checks, credit cards, debit cards, and electronic funds transfers, for any taxes,
interest, or penalties due under this Chapter. The Board may assess a service charge for the use
of a credit or debit card.
(d) Upon request, the Commission may collect and maintain a record of a person's credit
card, debit card, or automated clearinghouse transfer information and use such information for
future payments of taxes, interest, or penalties due under this Chapter. The Commission may
assess a service charge for any payments made under this subsection. The Commission may
procure the services of a third-party vendor for the secure storage of information collected
pursuant to this subsection.
(e) If any person liable for tax under G.S. 18D-603 and G.S. 18D-604 sells out his or her
business or stock of goods or quits the business, such person shall make a final return and
payment within 15 days after the date of selling or quitting the business. Such person's successors
or assigns, if any, shall withhold sufficient of the purchase money to cover the amount of such
taxes, interest, and penalties due and unpaid until such former owner produces a receipt from the
Commission showing payment or a certificate stating that no taxes, penalties, or interest are due.
If the buyer of a business or stock of goods fails to withhold the purchase money as provided in
this subsection, such buyer shall be liable for the payment of the taxes, interest, and penalties due
and unpaid on account of the operation of the business by any former owner.
(f) When any person fails to timely pay the full amount of tax due under G.S. 18D-603
or G.S. 18D-604, interest at a rate determined in accordance with applicable law by the Board
shall accrue on the tax until it is paid. Any taxes due under G.S. 18D-603 or G.S. 18D-604 shall,
if applicable, be subject to penalties as provided in G.S. 18D-806 and G.S. 18D-807.
The Commission may, when deemed necessary and advisable to do so in order to secure the
collection of the taxes levied under G.S. 18D-603 and G.S. 18D-604, require any person subject
to such tax to file a bond, with such surety as it determines is necessary to secure the payment of
any tax, penalty, or interest due or that may become due from such person. In lieu of such bond,
securities approved by the Commission may be deposited with the State Treasurer, which
securities shall be kept in the custody of the State Treasurer, which
shall be sold by the State
Treasurer at the request of the Commission at public or private sale if it becomes necessary to do
so in order to recover any tax, interest, or penalty due the State. Upon any such sale, the surplus,
if any, above the amounts due shall be returned to the person who deposited the securities.
§ 18D-607. Refunds.
(a) Whenever it is proved to the satisfaction of the Commission that any taxes levied
pursuant to G.S. 18D-603 or G.S. 18D-604 have been paid and that the taxable items were or are
(i) damaged, destroyed, or otherwise deemed to be unsalable by reason of fire or any other
providential cause before sale to the consumer; (ii) destroyed voluntarily because the taxable
items were defective and after notice to and approval by the Commission of such destruction; or
(iii) destroyed in any manner while in the possession of a common, private, or contract carrier,
the Commission shall certify such facts for approval of a refund payment to such extent as may
be proper.
(b) Whenever it is proved to the satisfaction of the Commission that any person has
purchased taxable items that have been sold by such person in such manner as to be exempt from
the tax, the Commission shall certify such facts for approval of a refund payment to such extent
as may be proper.
(c) In the event purchases are returned to the seller by the buyer after a tax imposed under
G.S. 18D-603 or G.S. 18D-604 has been collected or charged to the account of the buyer, the
seller shall be entitled to a refund of the amount of tax so collected or charged in the manner
prescribed by the Commission. The amount of tax so refunded to the seller shall not, however,
include the tax paid upon any amount retained by the seller after such return of merchandise. In
case the tax has not been remitted by the seller, the seller may deduct the same in submitting his
or her return.

“§ 18D-608. Statute of limitations; civil remedies for collecting past-due taxes, interest, and
penalties.

(a) The taxes imposed under G.S. 18D-603 and G.S. 18D-604 shall be assessed within
three years from the date on which such taxes became due and payable. In the case of a false or
fraudulent return with intent to defraud the State, or a failure to file a return, the taxes may be
assessed, or a proceeding in court for the collection of such taxes may be begun without
assessment, at any time within six years from such date. The Commission shall not examine any
person's records beyond the three-year period of limitations unless it has reasonable evidence of
fraud or reasonable cause to believe that such person was required by law to file a return and
failed to do so.

(b) If any person fails to file a return as required by this section, or files a return that is
false or fraudulent, the Commission may make an estimate for the taxable period of the taxable
sales of such person and assess the tax, plus any applicable interest and penalties. The
Commission shall give such person 10 days' notice requiring such person to provide any records
as it may require relating to the business of such person for the taxable period. The Commission
may require such person or the agents and employees of such person to give testimony or to
answer interrogatories under oath administered by the Commission respecting taxable sales, the
filing of the return, and any other relevant information. If any person fails to file a required return,
refuses to provide required records, or refuses to answer interrogatories from the Commission,
the Commission may make an estimated assessment based upon the information available to it
and issue a memorandum of lien under subsection (c) of this section for the collection of any
taxes, interest, or penalties. The estimated assessment shall be deemed prima facie correct.

(c) All of the following apply for failing to comply with the requirements of this section:

(1) If the Commission assesses taxes, interest, or penalties on a person and such
person does not pay within 30 days after the due date, taking into account any
extensions granted by the Commission, the Commission may file a
memorandum of lien in the superior court clerk's office of the county or city
in which the person's place of business is located or in which the person
resides. If the person has no place of business or residence within the State,
the memorandum may be filed in the Wake County Superior Court. A copy of
the memorandum may also be filed in the clerk's office of all counties and
cities in which the person owns real estate. Such memorandum shall be
recorded in the judgment docket book and shall have the effect of a judgment
in favor of the State, to be enforced as provided by applicable law. The lien
on real estate shall become effective at the time the memorandum is filed in
the jurisdiction in which the real estate is located. No memorandum of lien
shall be filed unless the person is first given 10 or more days' prior notice of
intent to file a lien; however, in those instances where the Commission
determines that the collection of any tax, penalties, or interest required to be
paid pursuant to law will be jeopardized by the provision of such notice,
notification may be provided to the person concurrent with the filing of the
memorandum of lien. Such notice shall be given to the person at his last
known address.

(2) Recordation of a memorandum of lien under this subsection shall not affect a
person's right to appeal under G.S. 18D-609.
If after filing a memorandum of lien the Commission determines that it is in the best interest of the State, it may place padlocks on the doors of any business enterprise that is delinquent in filing or paying any tax owed to the State. The Commission shall also post notices of distraint on each of the doors so padlocked. If after three business days, the tax deficiency has not been satisfied or satisfactory arrangements for payment made, the Commission may cause a writ of fieri facias to be issued. It shall be a Class A1 misdemeanor for anyone to enter the padlocked premises without prior approval of the Commission. In the event that the person against whom the distraint has been applied subsequently appeals under G.S. 18D-609, the person shall have the right to post bond equaling the amount of liability in lieu of payment until the appeal is resolved.

A person may petition the Commission after a memorandum of lien has been filed under this subsection if the person alleges an error in the filing of the lien. The Commission shall make a determination on such petition within 14 days. If the Commission determines that the filing was erroneous, it shall issue a certificate of release of the lien within seven days after such determination is made.

§ 18D-609. Appeals.

Any tax imposed under G.S. 18D-603 or G.S. 18D-604, any interest imposed under G.S. 18D-608, any action of the State under G.S. 18D-804, and any penalty imposed under G.S. 18D-806 or G.S. 18D-807 shall be subject to review under Chapter 150B of the General Statutes. Such review shall extend to the entire evidential record of the proceedings provided by the Commission in accordance with the Chapter 150B of the General Statutes. An appeal shall lie to the Court of Appeals from any order of a superior court. Notwithstanding any provision of law to the contrary, the final judgment or order of a superior court shall not be suspended, stayed, or modified by such superior court pending appeal to the Court of Appeals. Neither mandamus nor injunction shall lie in any such case.

"Article 7.

Possession of Retail Marijuana and Retail Marijuana Products. – Prohibited Practices Generally.

§ 18D-700. Possession, etc., of marijuana and marijuana products by persons 21 years of age or older lawful; penalties.

(a) Except as otherwise provided in this Chapter and notwithstanding any other provision of law, a person 21 years of age or older may lawfully possess on his or her person or in any public place not more than two ounces of marijuana or an equivalent amount of marijuana product as determined by rule promulgated by the Board.

(b) Any person who possesses on his or her person or in any public place marijuana or marijuana products in excess of the amounts set forth in subsection (a) of this section is subject to a civil penalty of no more than twenty-five dollars ($25.00).

(c) With the exception of a licensee in the course of his or her duties related to such licensee's marijuana establishment, any person who possesses on his or her person or in any public place more than one pound of marijuana or an equivalent amount of marijuana product as determined by rule promulgated by the Board is guilty of a Class F felony, including a fine of not more than two hundred fifty thousand dollars ($250,000).

(d) The provisions of this section shall not apply to members of federal, State, county, city, or town law enforcement agencies, jail officers, or correctional officers certified as handlers of dogs trained in the detection of controlled substances when possession of marijuana is necessary for the performance of their duties.

§ 18D-701. Home cultivation of marijuana for personal use; penalties.
(a) A person 21 years of age or older may cultivate up to two mature marijuana plants and two immature marijuana plants for personal use at their place of residence; however, at no point shall a household contain more than two mature marijuana plants and two immature marijuana plants. For purposes of this section, a "household" means those individuals, whether related or not, who live in the same house or other place of residence. A person may only cultivate marijuana plants pursuant to this section at such person's main place of residence.

(b) A person who cultivates marijuana for personal use pursuant to this section shall do all of the following:

1. Ensure that the marijuana is cultivated indoors and is not visible from a public way without the use of aircraft, binoculars, or other optical aids.
2. Take precautions to prevent unauthorized access by persons younger than 21 years of age.
3. Attach to each mature marijuana plant and immature marijuana plant a legible tag that includes the person's name, driver's license or identification number, and a notation that the marijuana plant is being grown for personal use as authorized under this section.

(c) A person shall not manufacture marijuana concentrate from home-cultivated marijuana. The owner of a property or parcel or tract of land may not intentionally or knowingly allow another person to manufacture marijuana concentrate from home-cultivated marijuana within or on that property or land.

(d) The following penalties or punishments shall be imposed on any person convicted of a violation of this section:

1. For possession of more than two mature marijuana plants and two immature marijuana plants but no more than 10 total marijuana plants, (i) a civil penalty of two hundred fifty dollars ($250.00) for a first offense, (ii) a Class 2 misdemeanor for a second offense, and (iii) a Class 1 misdemeanor for a third and any subsequent offense.
2. For possession of more than 10 but no more than 49 marijuana plants, a Class A1 misdemeanor.
3. For possession of more than 49 but no more than 100 marijuana plants, a Class I felony.
4. For possession of more than 100 marijuana plants, a Class F felony, including a fine of not more than two hundred fifty thousand dollars ($250,000).

"§ 18D-702. Illegal cultivation or manufacture of marijuana or marijuana products; conspiracy; penalties.

(a) Except as otherwise provided in this Chapter, no person shall cultivate or manufacture marijuana or marijuana products in the State without being licensed under this Chapter to cultivate or manufacture such marijuana or marijuana products.

(b) Any person convicted of a violation of this section is guilty of a Class I felony.

(c) If two or more persons conspire together to do any act that is in violation of subsection (a) of this section, and one or more of such persons does any act to effect the object of the conspiracy, each of the parties to such conspiracy is guilty of a Class I felony.

"§ 18D-703. Illegal sale of marijuana or marijuana products in general; penalties.

(a) For the purposes of this section, "adult sharing" means transferring marijuana between persons who are 21 years of age or older without remuneration. "Adult sharing" does not include instances in which (i) marijuana is given away contemporaneously with another reciprocal transaction between the same parties; (ii) a gift of marijuana is offered or advertised in conjunction with an offer for the sale of goods or services; or (iii) a gift of marijuana is contingent upon a separate reciprocal transaction for goods or services.

(b) If any person who is not licensed sells, gives, or distributes any marijuana or marijuana products except as permitted by this Chapter or provided in subsection (c) of this
section, the person is guilty of a Class 1 misdemeanor. A second or subsequent conviction under
this section shall constitute a Class A1 misdemeanor.
(c) No civil or criminal penalty may be imposed for adult sharing of an amount of
marijuana that does not exceed two ounces or of an equivalent amount of marijuana products or
concentrate.
§ 18D-704. Persons to whom marijuana or marijuana products may not be sold; proof of
legal age; penalties.
(a) No person shall, except as otherwise provided in this Chapter, sell, give, or distribute
any marijuana or marijuana products to any individual when at the time of such sale he or she
knows or has reason to believe that the individual to whom the sale is made is (i) younger than
21 years of age or (ii) intoxicated. Any person convicted of a violation of this subsection is guilty
of a Class A1 misdemeanor.
(b) It is unlawful for any person 21 years of age or older to sell or distribute, or possess
with the intent to sell or distribute, marijuana paraphernalia to any person younger than 21 years
of age. Any person who violates this subsection is guilty of a Class A1 misdemeanor.
(c) It is unlawful for any person 21 years of age or older to place in any newspaper,
magazine, handbill, or other publication any advertisement, knowing or under circumstances
where one reasonably should know, that the purpose of the advertisement, in whole or in part, is
to promote the sale of marijuana paraphernalia to persons younger than 21 years of age. Any
person who violates this subsection is guilty of a Class A1 misdemeanor.
(d) Any person who sells, except as otherwise provided in this Chapter, any marijuana or
marijuana products to an individual who is younger than 21 years of age and at the time of the
sale does not require the individual to present bona fide evidence of legal age indicating that the
individual is 21 years of age or older is guilty of a violation of this subsection. Bona fide evidence
of legal age is limited to any evidence that is or reasonably appears to be an unexpired driver's
license issued by any state of the United States or the District of Columbia, military identification
card, United States passport or foreign government visa, unexpired special identification card
issued by the Division of Motor Vehicles, or any other valid government-issued identification
card bearing the individual's photograph, signature, height, weight, and date of birth, or which
bears a photograph that reasonably appears to match the appearance of the purchaser. A student
identification card shall not constitute bona fide evidence of legal age for purposes of this
subsection. Any person convicted of a violation of this subsection is guilty of a Class 2
misdemeanor. Notwithstanding any provision of law to the contrary, the Board shall not take
administrative action against a licensee for the conduct of his employee who violates this
subsection.
(e) No person shall be convicted of both subsections (a) and (d) of this section for the
same sale.
§ 18D-705. Purchasing of marijuana or marijuana products unlawful in certain cases;
venue; exceptions; penalties; forfeiture; deferred proceedings; treatment and
education programs and services.
(a) No person to whom retail marijuana or retail marijuana products may not lawfully be
sold under this Chapter shall consume, purchase, or possess, or attempt to consume, purchase, or
possess, any marijuana or marijuana products, except (i) pursuant to G.S. 18D-300 or (ii) by any
federal, State, or local law enforcement officer or his or her agent when possession of marijuana
or marijuana products is necessary in the performance of his or her duties. Such person may be
prosecuted either in the county or city in which the marijuana or marijuana products were
possessed or consumed or in the county or city in which the person exhibits evidence of physical
indicia of consumption of marijuana or marijuana products.
(b) Any person 18 years of age or older who violates subsection (a) of this section is
subject to a civil penalty of no more than twenty-five dollars ($25.00) and shall be ordered to
enter a substance abuse treatment or education program or both, if available, that in the opinion of the court best suits the needs of the accused.

(c) Any juvenile who violates subsection (a) of this section is subject to a civil penalty of no more than twenty-five dollars ($25.00) and the court shall require the accused to enter a substance abuse treatment or education program or both, if available, that in the opinion of the court best suits the needs of the accused.

(d) The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. No person younger than 21 years of age shall use or attempt to use any (i) altered, fictitious, facsimile, or simulated license to operate a motor vehicle; (ii) altered, fictitious, facsimile, or simulated document, including but not limited to a birth certificate or student identification card; or (iii) motor vehicle driver's license or other document issued under Chapter 20 of the General Statutes or the comparable law of another jurisdiction, birth certificate, or student identification card of another person in order to establish a false identification or false age for himself or herself to consume, purchase, or attempt to consume or purchase retail marijuana or retail marijuana products. Any person convicted of a violation of this subsection is guilty of a Class A1 misdemeanor.

(f) Any marijuana or marijuana product purchased or possessed in violation of this section shall be deemed contraband and forfeited to the State.

(g) Any retail marijuana store licensee who in good faith promptly notifies the Board or any State or local law enforcement agency of a violation or suspected violation of this section shall be accorded immunity from an administrative penalty for a violation of G.S. 18D-704.

"§ 18D-706. Purchasing retail marijuana or retail marijuana products for one to whom they may not be sold; penalties; forfeiture.

(a) Any person who purchases retail marijuana or retail marijuana products for another person and at the time of such purchase knows or has reason to believe that the person for whom the retail marijuana or retail marijuana products were purchased was intoxicated is guilty of a Class A1 misdemeanor.

(b) Any person who purchases for, or otherwise gives, provides, or assists in the provision of retail marijuana or retail marijuana products to, another person when he or she knows or has reason to know that such person is younger than 21 years of age, except by any federal, State, or local law enforcement officer when possession of marijuana or marijuana products is necessary in the performance of his or her duties, is guilty of a Class A1 misdemeanor.

(c) Any marijuana or marijuana products purchased in violation of this section shall be deemed contraband and forfeited to the State.

"§ 18D-707. Using or consuming marijuana or marijuana products while in a motor vehicle being driven upon a public highway; penalty.

(a) For the purposes of this section:

(1) Open container. – Any vessel containing marijuana or marijuana products, except the originally sealed manufacturer's container.

(2) Passenger area. – The area designed to seat the driver of any motor vehicle, any area within the reach of the driver, including an unlocked glove compartment, and the area designed to seat passengers. "Passenger area" does not include the trunk of any passenger vehicle; the area behind the last upright seat of a passenger van, station wagon, hatchback, sport utility vehicle or any similar vehicle; the living quarters of a motor home; or the passenger area of a motor vehicle designed, maintained, or used primarily for the transportation of persons for compensation, including a bus, taxi, or limousine, while engaged in the transportation of such persons.

(b) It is unlawful for any person to use or consume marijuana or marijuana products while driving a motor vehicle upon a public highway of the State or while being a passenger in a motor vehicle being driven upon a public highway of the State.
(c) A judge or jury may make a permissive inference that a person has consumed
marijuana or marijuana products in violation of this section if (i) an open container is located
within the passenger area of the motor vehicle, (ii) the marijuana or marijuana products in the
open container have been at least partially removed, and (iii) the appearance, conduct, speech, or
other physical characteristic of such person, excluding odor, is consistent with the consumption
of marijuana or marijuana products. Such person may be prosecuted either in the county or city
in which the marijuana was used or consumed, or in the county or city in which the person
exhibits evidence of physical indicia of use or consumption of marijuana.

(d) Any person who violates this section is guilty of a Class 2 misdemeanor.

"§ 18D-708. Consuming marijuana or marijuana products, or offering to another, in public
place; penalty.

(a) No person shall consume marijuana or a marijuana product or offer marijuana or a
marijuana product to another, whether accepted or not, at or in any public place.

(b) Any person who violates this section is subject to a civil penalty of no more than
twenty-five dollars ($25.00) for a first offense. A person who is convicted under this section of
a second offense is subject to a twenty-five dollar ($25.00) civil penalty and shall be ordered to
enter a substance abuse treatment or education program or both, if available, that in the opinion
of the court best suits the needs of the accused. A person convicted under this section of a third
or subsequent offense is guilty of a Class 2 misdemeanor.

"§ 18D-709. Consuming or possessing marijuana or marijuana products in or on public
school grounds; penalty.

(a) No person shall possess or consume any marijuana or marijuana product in or upon
the grounds of any public elementary or secondary school during school hours or school or
student activities.

(b) In addition, no person shall consume and no organization shall serve any marijuana
or marijuana products in or upon the grounds of any public elementary or secondary school after
school hours or school or student activities.

(c) Any person convicted of a violation of this section is guilty of a Class 1 misdemeanor.

"§ 18D-710. Possessing or consuming marijuana or marijuana products while operating a
school bus; penalty.

Any person who possesses or consumes marijuana or marijuana products while operating a
school bus and transporting children is guilty of a Class A1 misdemeanor. For the purposes of
this section, "school bus" is as defined in G.S. 20-4.01.

"§ 18D-711. Illegal importation, shipment, and transportation of marijuana or marijuana
products; penalty; exception.

(a) No marijuana or marijuana products shall be imported, shipped, transported, or
brought into the State.

(b) Any person convicted of a violation of this section is guilty of a Class A1
misdemeanor.

"§ 18D-712. Limitation on carrying retail marijuana or retail marijuana products in motor
vehicle transporting passengers for hire; penalty.

The transportation of retail marijuana or retail marijuana products in any motor vehicle that
is being used, or is licensed, for the transportation of passengers for hire is prohibited, except
when carried in the possession of a passenger who is being transported for compensation at the
regular rate and fare charged other passengers. Any person convicted of a violation of this section
is guilty of a Class A1 misdemeanor.

"§ 18D-713. Maintaining common nuisances; penalties.

(a) All houses, boathouses, buildings, club or fraternity or lodge rooms, boats, cars, and
places of every description where marijuana or marijuana products are manufactured, stored,
sold, dispensed, given away, or used contrary to law, by any scheme or device whatsoever, shall
be deemed common nuisances. No person shall maintain, aid, abet, or knowingly associate with
others in maintaining a common nuisance. Any person convicted of a violation of this subsection is guilty of a Class A1 misdemeanor.

(b) In addition, after due notice and opportunity to be heard on the part of any owner or lessor not involved in the original offense, by a proceeding and upon proof of guilty knowledge, judgment may be given that such house, boathouse, building, boat, car, or other place, or any room or part thereof, be closed. The court may, upon the owner or lessor giving bond in the penalty of not less than five hundred dollars ($500.00) and with security to be approved by the court, conditioned that the premises shall not be used for unlawful purposes, or in violation of the provisions of this Chapter for a period of five years, turn the same over to its owner or lessor, or proceeding may be had in equity as provided in G.S. 18D-905.

(c) In a proceeding under this section, judgment shall not be entered against the owner, lessor, or lienholder of the property unless it is proved that he or she (i) knew of the unlawful use of the property and (ii) had the right, because of such unlawful use, to enter and repossess the property.

§ 18D-714. Maintaining a fortified drug house; penalty.

Any office, store, shop, restaurant, dance hall, theater, poolroom, clubhouse, storehouse, warehouse, dwelling house, apartment, or building or structure of any kind that is (i) substantially altered from its original status by means of reinforcement with the intent to impede, deter, or delay lawful entry by a law enforcement officer into such structure; (ii) being used for the purpose of illegally manufacturing or distributing marijuana; and (iii) the object of a valid search warrant shall be considered a fortified drug house. Any person who maintains or operates a fortified drug house is guilty of a Class H felony.

§ 18D-715. Disobeying subpoena; hindering conduct of hearing; penalty.

No person shall (i) fail or refuse to obey any subpoena issued by the Board, any Board member, or any agent authorized by the Board to issue such subpoena or (ii) hinder the orderly conduct and decorum of any hearing held and conducted by the Board, any Board member, or any agent authorized by the Board to hold and conduct such hearing. Any person convicted of a violation of this section is guilty of a Class A1 misdemeanor.

§ 18D-716. Illegal advertising; penalty; exception.

(a) Except in accordance with this Chapter and Board rules, no person shall advertise in or send any advertising matter into the State about or concerning marijuana other than such that may legally be manufactured or sold without a license.

(b) Marijuana cultivation facility licensees, marijuana manufacturing facility licensees, marijuana wholesaler licensees, and retail marijuana store licensees may engage in the display of outdoor retail marijuana or retail marijuana products advertising on lawfully erected signs, provided that such display is done in accordance with G.S. 18D-1005 and Board rules.

(c) Except as provided in subsection (d) of this section, any person convicted of a violation of this section is guilty of a Class A1 misdemeanor.

(d) For violations of G.S. 18D-1005 relating to distance and zoning restrictions on outdoor advertising, the Board shall give the advertiser written notice to take corrective action to either bring the advertisement into compliance with this Chapter and Board rules or to remove such advertisement. If corrective action is not taken within 30 days, the advertiser is guilty of a Class 2 misdemeanor.

§ 18D-717. Delivery of marijuana or marijuana products to prisoners; penalty.

No person shall deliver, or cause to be delivered, to any prisoner in any State or local detention facility any marijuana or marijuana products. Any person convicted of a violation of this section is guilty of a Class A1 misdemeanor.

§ 18D-718. Separation of plant resin by butane extraction; penalty.

(a) No person shall separate plant resin by butane extraction or another method that utilizes a substance with a flashpoint below 100 degrees Fahrenheit in any public place, motor vehicle, or within the curtilage of any residential structure.
(b) Any person convicted of a violation of this section is guilty of a Class A1 misdemeanor.

§ 18D-719. Attempts; aiding or abetting; penalty.

No person shall attempt to do any of the things prohibited by this Chapter or to aid or abet another in doing, or attempting to do, any of the things prohibited by this Chapter. On an indictment, information, or warrant for the violation of this Chapter, the jury or the court may find the defendant guilty of an attempt, or being an accessory, and the punishment shall be the same as if the defendant were solely guilty of such violation.

§ 18D-720. Persons charged with first offense may be placed on probation; conditions; substance abuse screening, assessment treatment, and education programs or services; drug tests; costs and fees; violations; discharge.

(a) Whenever any person who has not previously been convicted of any offense under this Chapter pleads guilty to or enters a plea of not guilty to an offense under this Chapter, the court, upon such plea if the facts found by the court would justify a finding of guilt, without entering a judgment of guilt and with the consent of the accused, may defer further proceedings and place the accused on probation upon terms and conditions.

(b) As a term or condition, the court shall require the accused to undergo a substance abuse assessment and enter treatment or an education program or services, or any combination thereof, if available, such as, in the opinion of the court, may be best suited to the needs of the accused based upon consideration of the substance abuse assessment. The program or services may be located in the judicial district in which the charge is brought or in any other judicial district as the court may provide.

(c) The court shall require the person entering such program under the provisions of this section to pay all or part of the costs of the program, including the costs of the screening, assessment, testing, and treatment, based upon the accused's ability to pay, unless the person is determined by the court to be indigent.

(d) As a condition of probation, the court shall require the accused (i) to successfully complete treatment or education programs or services, (ii) to remain drug-free and alcohol-free during the period of probation and submit to such tests during that period as may be necessary and appropriate to determine if the accused is drug-free and alcohol-free, (iii) to make reasonable efforts to secure and maintain employment, and (iv) to comply with a plan of up to 24 hours of community service. Such testing shall be conducted by personnel of the supervising probation agency or personnel of any program or agency approved by the supervising probation agency.

(e) The court shall, unless done at arrest, order the accused to report to the original arresting law enforcement agency to submit to fingerprinting.

(f) Upon violation of a term or condition, the court may enter an adjudication of guilt and proceed as otherwise provided. Upon fulfillment of the terms and conditions, the court shall discharge the person and dismiss the proceedings against him or her. Discharge and dismissal under this section shall be without adjudication of guilt and is a conviction only for the purposes of applying this section in subsequent proceedings.

§ 18D-721. Issuance of summonses for certain offenses; civil penalties.

Any violation under this Chapter that is subject to a civil penalty is a civil offense and shall be charged by summons. A summons for a violation under this Chapter that is subject to a civil penalty may be executed by a law enforcement officer when such violation is observed by such officer. The summons used by a law enforcement officer pursuant to this section shall be in a form the same as the uniform summons for motor vehicle law violations. The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

"Article 8.

"Prohibited Practices by Licensees.
§ 18D-800. Illegal cultivation, etc., of marijuana or marijuana products by licensees; penalty.

(a) No licensee or any agent or employee of such licensee shall do any of the following:

(1) Cultivate, manufacture, transport, sell, or test any retail marijuana or retail marijuana products of a kind other than that which such license or this Chapter authorizes him or her to cultivate, manufacture, transport, sell, or test.

(2) Sell retail marijuana or retail marijuana products of a kind that such license or this Chapter authorizes him or her to sell, but to any person other than to those to whom such license or this subtitle authorizes him or her to sell.

(3) Cultivate, manufacture, transport, sell, or test retail marijuana or retail marijuana products that such license or this Chapter authorizes him or her to sell, but in any place or in any manner other than such license or this Chapter authorizes him or her to cultivate, manufacture, transport, sell, or test.

(4) Cultivate, manufacture, transport, sell, or test any retail marijuana or retail marijuana products when forbidden by this Chapter.

(5) Keep or allow to be kept, other than in his residence and for his personal use, any retail marijuana or retail marijuana products other than that which he or she is authorized to cultivate, manufacture, transport, sell, or transport by such license or by this Chapter.

(6) Except for marijuana wholesaler licensees, sell or transfer any retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds to a retail marijuana store licensee.

(7) Keep any retail marijuana or retail marijuana product other than in the container in which it was purchased by him or her.

(8) Allow a person younger than 21 years of age to be employed by or volunteer for such licensee at a retail marijuana store.

(b) Any person convicted of a violation of this section is guilty of a Class A1 misdemeanor.

§ 18D-801. Prohibited acts by employees of retail marijuana store licensees; civil penalty.

(a) In addition to the provisions of G.S. 18D-800, no retail marijuana store licensee or his agent or employee shall consume any retail marijuana or retail marijuana products while on duty and in a position that is involved in the selling of retail marijuana or retail marijuana products to consumers.

(b) No retail marijuana store licensee or his agent or employee shall make any gift of any marijuana or marijuana products.

(c) Any person convicted of a violation of this section shall be subject to a civil penalty in an amount not to exceed five hundred dollars ($500.00).

§ 18D-802. Sale of; purchase for resale; marijuana or marijuana products from a person without a license; penalty.

No retail marijuana store licensee shall purchase for resale or sell any retail marijuana, retail marijuana products, immature marijuana plants, or marijuana seeds purchased from anyone other than a marijuana wholesaler licensee. Any person convicted of a violation of this section is guilty of a Class A1 misdemeanor.

§ 18D-803. Prohibiting transfer of retail marijuana or retail marijuana products by licensees; penalty.

(a) No retail marijuana store licensee shall transfer any retail marijuana or retail marijuana products from one licensed place of business to another licensed place of business, whether or not such places of business are under the same ownership.

(b) Any person convicted of a violation of this section is guilty of a Class A1 misdemeanor.

§ 18D-804. Illegal advertising materials; civil penalty.
No person subject to the jurisdiction of the Board shall induce, attempt to induce, or consent
to any licensee selling, renting, lending, buying for, or giving to any person any advertising
materials or decorations under circumstances prohibited by this Chapter or Board rules. Any
person found by the Board to have violated this section shall be subject to a civil penalty as
authorized in G.S. 18D-504.

§ 18D-805. Solicitation by persons interested in manufacture, etc., of marijuana or
marijuana products; penalty.
(a) No person having any interest, direct or indirect, in the manufacture, distribution, or
sale of retail marijuana or retail marijuana products shall, without a permit granted by the Board
and upon such conditions as the Board may prescribe, solicit either directly or indirectly (i) a
retail marijuana store licensee; (ii) any agent or employee of such licensee; or (iii) any person
connected with the licensee in any capacity whatsoever in his or her licensed business to sell or
offer for sale the retail marijuana or retail marijuana products in which such person may be so
interested. The Board, upon proof of any solicitation in violation of this subsection, may suspend
or terminate the sale of the retail marijuana or retail marijuana products that were the subject
matter of the unlawful solicitation or promotion. In addition, the Board may suspend or terminate
the sale of all retail marijuana or retail marijuana products manufactured or distributed by either
the employer or principal of such solicitor, the broker, or by the owner of the brand unlawfully
solicited or promoted. The Board may impose a civil penalty not to exceed two hundred fifty
thousand dollars ($250,000) in lieu of such suspension or termination of sales, or both. Any
person convicted of a violation of this subsection is guilty of a Class A1 misdemeanor.
(b) No retail marijuana store licensee or any agent or employee of such licensee, or any
person connected with the licensee in any capacity whatsoever in his or her licensed business
shall, either directly or indirectly, be a party to, consent to, solicit, or aid or abet another in a
violation of subsection (a) of this section. The Board may suspend or revoke the license granted
to such licensee or may impose a civil penalty not to exceed twenty-five thousand dollars
($25,000) in lieu of such suspension or any portion thereof, or both. Any person convicted of a
violation of this subsection is guilty of a Class A1 misdemeanor.

§ 18D-806. Failure of licensee to pay tax or to deliver, keep, and preserve records and
accounts or to allow examination and inspection; penalty.
(a) No licensee shall fail or refuse to (i) pay any tax provided for in G.S. 18D-603 and
G.S. 18D-604; (ii) deliver, keep, and preserve such records, invoices, and accounts as are
required by G.S. 18D-303 or Board rule; or (iii) allow such records, invoices, and accounts or his
or her place of business to be examined and inspected in accordance with G.S. 18D-303. Any
person convicted of a violation of this subsection is guilty of a Class A1 misdemeanor.
(b) After reasonable notice to a licensee that failed to make a return or pay taxes due, the
Commission may suspend or revoke any license of such licensee that was issued by the
Commission.

§ 18D-807. Nonpayment of marijuana tax; penalties.
(a) No person shall make a sale taxable under G.S. 18D-603 or G.S. 18D-604 without
paying all applicable taxes due under G.S. 18D-603 and G.S. 18D-604. No retail marijuana store
licensee shall purchase, receive, transport, store, or sell any retail marijuana or retail marijuana
products on which such retailer has reason to know such tax has not been paid and may not be
paid. Any person convicted of a violation of this subsection is guilty of a Class A1 misdemeanor.
(b) On any person who fails to file a return required for a tax due under G.S. 18D-603 or
G.S. 18D-604, there shall be imposed a civil penalty to be added to the tax in the amount of five
percent (5%) of the proper tax due if the failure is for not more than 30 days, with an additional
five percent (5%) for each additional 30 days, or fraction thereof, during which the failure
continues. Such civil penalty shall not exceed twenty-five percent (25%) in the aggregate.
(c) In the case of a false or fraudulent return, where willful intent exists to defraud the
State of any tax due on retail marijuana or retail marijuana products, a civil penalty of fifty
percent (50%) of the amount of the proper tax due shall be assessed. Such penalty shall be in addition to any penalty imposed under subsection (b) of this section. It shall be prima facie evidence of willful intent to defraud the State when any person reports its taxable sales to the Commission at fifty percent (50%) or less of the actual amount.

(d) If any check tendered for any amount due under G.S. 18D-603 or G.S. 18D-604 or this section is not paid by the bank on which it is drawn, and the person that tendered the check fails to pay the Commission the amount due within five days after the Commission gives it notice that such check was returned unpaid, the person by which such check was tendered is guilty of a Class A1 misdemeanor.

(e) The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

"Article 9.

"Prohibited Practices. – Procedural Matters.

"§ 18D-900. Enjoining nuisances.

(a) In addition to the penalties imposed by G.S. 18D-713, the Board, its special agents, the Attorney General, or any citizen of the county, city, or town where a common nuisance as defined in G.S. 18D-713 exists may maintain a suit in equity in the name of the State to enjoin the common nuisance.

(b) The courts of equity shall have jurisdiction, and in every case where the bill charges, on the knowledge or belief of the complainant, and is sworn to by two reputable citizens, that marijuana or marijuana products are cultivated, manufactured, stored, sold, dispensed, given away, or used in such house, building, or other place described in G.S. 18D-713 contrary to the laws of the State, an injunction shall be granted as soon as the bill is presented to the court. The injunction shall enjoin and restrain the owners and tenants and their agents and employees, and any person connected with such house, building, or other place, and all persons whomsoever from cultivating, manufacturing, storing, selling, dispensing, giving away, or using marijuana or marijuana products on such premises. The injunction shall also restrain all persons from removing any marijuana or marijuana products then on such premises until the further order of the court. If the court is satisfied that the material allegations of the bill are true, although the premises complained of may not then be unlawfully used, it shall continue the injunction against such place for a period of time as the court deems proper. The injunction may be dissolved if a proper case is shown for dissolution.

"§ 18D-901. Contraband marijuana or marijuana products and other articles subject to forfeiture.

(a) All apparatus and materials for the cultivation or manufacture of marijuana or marijuana products, all marijuana or marijuana products and materials used in their manufacture, all containers in which marijuana or marijuana products may be found, that are kept, stored, possessed, or in any manner used in violation of the provisions of this Chapter, and any dangerous weapons that may be used or that may be found upon the person, or in any vehicle that such person is using, to aid such person in the unlawful cultivation, manufacture, transportation, or sale of marijuana or marijuana products, or found in the possession of such person, or any horse, mule, or other beast of burden or any wagon, automobile, truck, or vehicle of any nature whatsoever that is found in the immediate vicinity of any place where marijuana or marijuana products are being unlawfully manufactured and where such animal or vehicle is being used to aid in the unlawful manufacture, shall be deemed contraband and shall be forfeited to the State.

(b) Proceedings for the confiscation of the property in subsection (a) of this section shall be in accordance with G.S. 18D-904 for all such property.

"§ 18D-902. Search without warrant; odor of marijuana.

(a) No law enforcement officer may lawfully stop, search, or seize any person, place, or thing solely on the basis of the odor of marijuana and no evidence discovered or obtained
pursuant to a violation of this subsection, including evidence discovered or obtained with the
person's consent, shall be admissible in any trial, hearing, or other proceeding.

(b) The provisions of subsection (a) of this section shall not apply in any airport or if the
violation occurs in a commercial motor vehicle.

§ 18D-903. Search warrants.

(a) If complaint on oath is made that marijuana or marijuana products are being
cultivated, manufactured, sold, kept, stored, or in any manner held, used, or concealed in a
particular house, or other place, in violation of law, the judge, magistrate, or other person having
authority to issue criminal warrants, to whom such complaint is made, if satisfied that there is a
probable cause for such belief, shall issue a warrant to search such house or other place for
marijuana or marijuana products. Such warrants, except as herein otherwise provided, shall be
issued, directed, and executed in accordance with the laws of the State pertaining to search
warrants.

(b) Warrants issued under this Chapter for the search of any automobile, boat,
conveyance, or vehicle, whether of like kind or not, or for the search of any article of baggage,
whether of like kind or not, for marijuana or marijuana products may be executed in any part of
the State where they are overtaken and shall be made returnable before any judge within whose
jurisdiction such automobile, boat, conveyance, vehicle, truck, or article of baggage, or any of
them, was transported or attempted to be transported contrary to law.

§ 18D-904. Confiscation proceedings; disposition of forfeited articles.

(a) All proceedings for the confiscation of articles declared contraband and forfeited to
the State under this Chapter shall be as provided in this section.

(b) Whenever any article declared contraband under the provisions of this Chapter and
required to be forfeited to the State has been seized, with or without a warrant, by any officer
charged with the enforcement of this Chapter, he or she shall produce the contraband article and
any person in whose possession it was found. In those cases where no person is found in
possession of such articles, the return shall so state and a copy of the warrant shall be posted on
the door of the buildings or room where the articles were found, or if there is no door, then in
any conspicuous place upon the premises. In case of seizure of any item for any offense involving
its forfeiture where it is impracticable to remove such item to a place of safe storage from the
place where seized, the seizing officer may destroy such item only as necessary to prevent use of
all or any part thereof. The destruction shall be in the presence of at least one credible witness,
and such witness shall join the officer in a sworn report of the seizure and destruction to be made
to the Board. The report shall set forth the grounds of the claim of forfeiture, the reasons for
seizure and destruction, an estimate of the fair cash value of the item destroyed, and the materials
remaining after such destruction. The report shall include a statement that, from facts within their
own knowledge, the seizing officer and witness have no doubt whatever that the item was set up
for use, or had been used in the unlawful cultivation or manufacture of marijuana, and that it was
impracticable to remove such apparatus to a place of safe storage. In case of seizure of any
quantity of marijuana or marijuana products for any offense involving forfeiture of the same, the
seizing officer may destroy them to prevent the use of all or any part thereof for the purpose of
unlawful cultivation or manufacture of marijuana or marijuana products or any other violation of
this Chapter. The destruction shall be in the presence of at least one credible witness, and such
witness shall join the officer in a sworn report of the seizure and destruction to be made to the
Board. The report shall set forth the grounds of the claim of forfeiture, the reasons for seizure
and destruction, and a statement that, from facts within their own knowledge, the seizing officer
and witness have no doubt whatever that the marijuana or marijuana products were intended for
use in the unlawful cultivation or manufacture of marijuana or marijuana products or were
intended for use in violation of this Chapter.

(c) Upon the return of the warrant as provided in this section, the court shall fix a time
not less than 10 days, unless waived by the accused in writing, and not more than 30 days
thereafter, for the hearing on such return to determine whether or not the articles seized, or any
part thereof, were used or in any manner kept, stored, or possessed in violation of this Chapter.
At such hearing, if no claimant appears, the court shall declare the articles seized forfeited to the
State and, if such articles are not necessary as evidence in any pending prosecution, shall turn
them over to the Board. Any person claiming an interest in any of the articles seized may appear
at the hearing and file a written claim setting forth particularly the character and extent of his
interest. The court shall certify the warrant and the articles seized along with any claim filed to
the superior court to hear and determine the validity of such claim. If the evidence warrants, the
court shall enter a judgment of forfeiture and order the articles seized to be turned over to the
Board. Action under this section and the forfeiture of any articles hereunder shall not be a bar to
any prosecution under any other provision of this Chapter.

(d) Any articles forfeited to the State and turned over to the Board in accordance with
this section shall be sold by the Board. The net proceeds from such sales shall be paid into the
county board of education in the county where the articles were seized.

§ 18D-905. Search and seizure of conveyances or vehicles used in violation of law; arrests.
(a) When any officer charged with the enforcement of the cannabis control laws of the
State has reason to believe that retail marijuana or retail marijuana products illegally acquired,
or being illegally transported, are in any conveyance or vehicle of any kind, either on land or on
water, except a conveyance or vehicle owned or operated by a railroad, express, sleeping, or
parlor car, or steamboat company, other than barges, tugs, or small craft, he shall obtain a search
warrant and search such conveyance or vehicle. If illegally acquired retail marijuana or retail
marijuana products or retail marijuana or retail marijuana products being illegally transported in
amounts in excess of two and one-half ounces of retail marijuana, 16 ounces of solid retail
marijuana product, or 72 ounces of liquid retail marijuana product, the officer shall seize the
retail marijuana or retail marijuana product, seize and take possession of such conveyance or
vehicle, and deliver them to the chief law-enforcement officer of the locality in which such
seizure was made, taking his receipt therefor in duplicate.

(b) The officer making such seizure shall forthwith report in writing such seizure and
arrest to the attorney for the county or city in which seizure and arrest were made.

§ 18D-906. Contraband retail marijuana or retail marijuana products.
Retail marijuana or retail marijuana products seized pursuant to G.S. 18D-905 shall be
deemed contraband and disposed of accordingly. Failure to maintain on a conveyance or vehicle
a permit or other indicia of permission issued by the Board authorizing the transportation of retail
marijuana or retail marijuana products within the State when other Board rules applicable to such
transportation have been complied with shall not be cause for deeming such retail marijuana or
retail marijuana products contraband.

§ 18D-907. Punishment for violations of Chapter or rules; bond.
(a) Any person convicted of a misdemeanor under the provisions of this Chapter without
specification as to the class of offense or penalty, or convicted of violating any other provision
thereof, or convicted of violating any Board rule is guilty of a Class A1 misdemeanor.

(b) In addition to the penalties imposed by this Chapter for violations, any court before
whom any person is convicted of a violation of any provision of this Chapter may require such
defendant to execute bond based upon his or her ability to pay, with approved security, in the
penalty of not more than one thousand dollars ($1,000), with the condition that the defendant will
not violate any of the provisions of this Chapter for the term of one year. If any such bond is
required and is not given, the defendant shall be committed to jail until it is given, or until he or
she is discharged by the court, provided that he or she shall not be confined for a period longer
than six months. If any such bond required by a court is not given during the term of the court by
which conviction is had, it may be given before any judge or before the clerk of such court.
(c) The provisions of this Chapter shall not prevent the Board from suspending, revoking, or refusing to continue the license of any person convicted of a violation of any provision of this Chapter.

(d) No court shall hear such a case unless the respective attorney for the State or his or her assistant has been notified that such a case is pending.

§ 18D-908. Witness not excused from testifying because of self-incrimination.

No person shall be excused from testifying for the State as to any offense committed by another under this Chapter by reason of his or her testimony tending to incriminate him or her. The testimony given by such person on behalf of the State when called as a witness for the prosecution shall not be used against him or her, and he or she shall not be prosecuted for the offense to which he or she testifies.

§ 18D-909. Previous convictions.

In any indictment, information, or warrant charging any person with a violation of any provision of this Chapter, it may be alleged and evidence may be introduced at the trial of such person to prove that such person has been previously convicted of a violation of this Chapter.


The certificate of any forensic scientist employed by the State on behalf of the Board, when signed by him or her, shall be evidence in all prosecutions for violations of this Chapter and all controversies in any judicial proceedings touching the mixture analyzed by him or her. On motion of the accused or any party in interest, the court may require the forensic scientist making the analysis to appear as a witness and be subject to cross-examination, provided that such motion is made within a reasonable time prior to the day on which the case is set for trial.

§ 18D-911. Label on sealed container prima facie evidence of marijuana content.

In any prosecution for violations of this Chapter, where a sealed container is labeled as containing retail marijuana or retail marijuana products, such labeling shall be prima facie evidence of the marijuana content of the container. Nothing shall preclude the introduction of other relevant evidence to establish the marijuana content of a container, whether sealed or not.

§ 18D-912. No recovery for retail marijuana or retail marijuana products illegally sold.

No action to recover the price of any retail marijuana or retail marijuana products sold in contravention of this Chapter may be maintained.

-article 10.

"Cannabis Control; Testing; Advertising.

§ 18D-1000. Board to establish regulations for marijuana testing.

The Board shall establish a testing program for marijuana and marijuana products. Except as otherwise provided in this Chapter or otherwise provided by law, the program shall require a licensee, prior to selling or distributing retail marijuana or a retail marijuana product to a consumer or to another licensee, to submit a representative sample of the retail marijuana or retail marijuana product, not to exceed ten percent (10%) of the total harvest or batch, to a licensed marijuana testing facility for testing to ensure that the retail marijuana or retail marijuana product does not exceed the maximum level of allowable contamination for any contaminant that is injurious to health and for which testing is required and to ensure correct labeling. The Board shall adopt regulations (i) establishing a testing program pursuant to this section; (ii) establishing acceptable testing and research practices, including regulations relating to testing practices, methods, and standards; quality control analysis; equipment certification and calibration; marijuana testing facility recordkeeping, documentation, and business practices; disposal of used, unused, and waste retail marijuana and retail marijuana products; and reporting of test results; (iii) identifying the types of contaminants that are injurious to health for which retail marijuana and retail marijuana products shall be tested under this Chapter; and (iv) establishing the maximum level of allowable contamination for each contaminant.
§ 18D-1001. Mandatory testing; scope; recordkeeping; notification; additional testing not required; required destruction; random testing.

(a) A licensee may not sell or distribute retail marijuana or a retail marijuana product to a consumer or to another licensee under this Chapter unless a representative sample of the retail marijuana or retail marijuana product has been tested pursuant to this Chapter and the rules adopted pursuant to this Chapter and that mandatory testing has demonstrated that (i) the retail marijuana or retail marijuana product does not exceed the maximum level of allowable contamination for any contaminant that is injurious to health and for which testing is required and (ii) the labeling on the retail marijuana or retail marijuana product is correct.

(b) Mandatory testing of retail marijuana and retail marijuana products under this section shall include testing for all of the following:

(1) Residual solvents, poisons, and toxins.
(2) Harmful chemicals.
(3) Dangerous molds and mildew.
(4) Harmful microbes, including but not limited to Escherichia coli and Salmonella.
(5) Pesticides, fungicides, and insecticides.
(6) Tetrahydrocannabinol (THC) potency, homogeneity, and cannabinoid profiles to ensure correct labeling.

Testing shall be performed on the final form in which the retail marijuana or retail marijuana product will be consumed.

(c) A licensee shall maintain a record of all mandatory testing that includes a description of the retail marijuana or retail marijuana product provided to the marijuana testing facility, the identity of the marijuana testing facility, and the results of the mandatory test.

(d) If the results of a mandatory test conducted pursuant to this section indicate that the tested retail marijuana or retail marijuana product exceeds the maximum level of allowable tetrahydrocannabinol (THC) or contamination for any contaminant that is injurious to health and for which testing is required, the marijuana testing facility shall immediately quarantine, document, and properly destroy the retail marijuana or retail marijuana product and within seven days of completing the test shall notify the Board of the test results. A marijuana testing facility is not required to notify the Board of the results of any test that meets any of the following conditions:

(1) Conducted on retail marijuana or a retail marijuana product at the direction of a licensee pursuant to this section that demonstrates that the marijuana or marijuana product does not exceed the maximum level of allowable tetrahydrocannabinol (THC) or contamination for any contaminant that is injurious to health and for which testing is required.
(2) Conducted on retail marijuana or a retail marijuana product at the direction of a licensee for research and development purposes only, so long as the licensee notifies the marijuana testing facility prior to the performance of the test that the testing is for research and development purposes only.
(3) Conducted on retail marijuana or a retail marijuana product at the direction of a person who is not a licensee.

(e) Notwithstanding any provision of this section to the contrary, a licensee may sell or furnish to a consumer or to another licensee retail marijuana or a retail marijuana product that the licensee has not submitted for testing in accordance with this Chapter and rules adopted pursuant to this Chapter if all of the following conditions are met:

(1) The retail marijuana or retail marijuana product has previously undergone testing in accordance with this Chapter and rules adopted pursuant to this Chapter at the direction of another licensee and that testing demonstrated that the retail marijuana or retail marijuana product does not exceed the maximum
level of allowable tetrahydrocannabinol (THC) or contamination for any contaminant that is injurious to health and for which testing is required.

(2) The mandatory testing process and the test results for the retail marijuana or retail marijuana product are documented in accordance with the requirements of this Chapter and all applicable rules adopted pursuant to this Chapter.

(3) Tracking from immature marijuana plant to the point of retail sale has been maintained for the retail marijuana or retail marijuana product and transfers of the retail marijuana or retail marijuana product to another licensee or to a consumer can be easily identified.

(4) The retail marijuana or retail marijuana product has not undergone any further processing, manufacturing, or alteration subsequent to the performance of the prior testing under subsection (a) of this section.

(f) Licensees shall be required to destroy harvested batches of retail marijuana or batches of retail marijuana products whose testing samples indicate noncompliance with the health and safety standards required by this Chapter and the rules adopted by the Board pursuant to this Chapter, unless remedial measures can bring the retail marijuana or retail marijuana products into compliance with such required health and safety standards.

(g) A licensee shall comply with all requests for samples of retail marijuana and retail marijuana products for the purpose of random testing by a State-owned laboratory or State-approved private laboratory.

"§ 18D-1002. Labeling and packaging requirements; prohibitions.

(a) Retail marijuana and retail marijuana products to be sold or offered for sale by a licensee to a consumer in accordance with the provisions of this Chapter shall be labeled with all of the following information:

(1) Identification of the type of marijuana or marijuana product and the date of cultivation, manufacturing, and packaging.

(2) The license numbers of the marijuana cultivation facility, the marijuana manufacturing facility, and the retail marijuana store where the retail marijuana or retail marijuana product was cultivated, manufactured, and offered for sale, as applicable.

(3) A statement of the net weight of the retail marijuana or retail marijuana product.

(4) Information concerning (i) pharmacologically active ingredients, including tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content; (ii) the THC and other cannabinoid amount in milligrams per serving, the total servings per package, and the THC and other cannabinoid amount in milligrams for the total package; and (iii) the potency of the THC and other cannabinoid content.

(5) Information on gases, solvents, and chemicals used in marijuana extraction, if applicable.

(6) Instructions on usage.

(7) For retail marijuana products, (i) a list of ingredients and possible allergens and (ii) a recommended use by date or expiration date.

(8) For edible retail marijuana products, a nutritional fact panel.

(9) The following statements, prominently displayed in bold print and in a clear and legible fashion:

a. For retail marijuana: "GOVERNMENT WARNING: THIS PACKAGE CONTAINS MARIJUANA. MARIJUANA IS FOR USE BY ADULTS 21 YEARS OF AGE AND OLDER. KEEP OUT OF REACH OF CHILDREN. CONSUMPTION OF MARIJUANA IMPAIRS COGNITION AND YOUR ABILITY TO DRIVE AND
MAY BE HABIT FORMING. MARIJUANA SHOULD NOT BE USED WHILE PREGNANT OR BREASTFEEDING. PLEASE USE CAUTION AND VISIT __________ (website maintained by the Board pursuant to G.S. 18D-204) FOR MORE INFORMATION."

b. For retail marijuana products: "GOVERNMENT WARNING: THIS PACKAGE CONTAINS MARIJUANA. MARIJUANA IS FOR USE BY ADULTS 21 YEARS OF AGE AND OLDER. KEEP OUT OF REACH OF CHILDREN. CONSUMPTION OF MARIJUANA IMPAIRS COGNITION AND YOUR ABILITY TO DRIVE AND MAY BE HABIT FORMING. MARIJUANA SHOULD NOT BE USED WHILE PREGNANT OR BREASTFEEDING. PLEASE USE CAUTION AND VISIT __________ (website maintained by the Board pursuant to G.S. 18D-204) FOR MORE INFORMATION."

(10) A universal symbol stamped or embossed on the packaging of any retail marijuana and retail marijuana products.

(11) Any other information required by Board rules.

(b) Retail marijuana and retail marijuana products to be sold or offered for sale by a licensee to a consumer in accordance with the provisions of this Chapter shall be packaged in accordance with all of the following requirements:

(1) Retail marijuana and retail marijuana products shall be prepackaged in child-resistant, tamper-evident, and resealable packaging that is opaque or shall be placed at the final point of sale to a consumer in child-resistant, tamper-evident, and resealable packaging that is opaque.

(2) Packaging for multi-serving liquid marijuana products shall include an integral measurement component.

(3) Packaging shall comply with any other requirements imposed by Board rules.

(c) Retail marijuana and retail marijuana products to be sold or offered for sale by a licensee to a consumer in accordance with the provisions of this Chapter shall not be any of the following:

(1) Be labeled or packaged in violation of a federal trademark law or regulation.
(2) Be labeled or packaged in a manner that appeals particularly to persons younger than 21 years of age.
(3) Be labeled or packaged in a manner that obscures identifying information on the label.
(4) Be labeled or packaged using a false or misleading label.
(5) Be sold or offered for sale using a label or packaging that depicts a human, an animal, a vehicle, or fruit.
(6) Be labeled or packaged in violation of any other labeling or packaging requirements imposed by Board regulations.

"§ 18D-1003. Other health and safety requirements for edible retail marijuana products and other retail marijuana products deemed applicable by the Commission; health and safety regulations."

(a) In addition to all other applicable provisions of this Chapter, edible retail marijuana products and other retail marijuana products deemed applicable by the Commission to be sold or offered for sale by a licensee to a consumer in accordance with all of the following requirements:

(1) Shall be manufactured by an approved source.
(2) Shall comply with the applicable State laws governing food and drink.
(3) Shall be manufactured in a manner that results in the cannabinoid content within the product being homogeneous throughout the product or throughout each element of the product that has a cannabinoid content.
Shall be manufactured in a manner that results in the amount of marijuana concentrate within the product being homogeneous throughout the product or throughout each element of the product that contains marijuana concentrate.

Shall have a universal symbol stamped or embossed on the packaging of each product.

Shall not contain more than five milligrams of tetrahydrocannabinol (THC) per serving of the product and shall not contain more than 50 milligrams of THC per package of the product.

Shall not contain additives that (i) are toxic or harmful to human beings, (ii) are specifically designed to make the product more addictive, (iii) contain alcohol or nicotine, (iv) are misleading to consumers, or (v) are specifically designed to make the product appeal particularly to persons younger than 21 years of age.

Shall not involve the addition of marijuana to a trademarked food or drink product, except when the trademarked product is used as a component of or ingredient in the edible retail marijuana product and the edible retail marijuana product is not advertised or described for sale as containing the trademarked product.

(b) The Board shall adopt any additional labeling, packaging, or other health and safety rules that it deems necessary for retail marijuana and retail marijuana products to be sold or offered for sale by a licensee to a consumer in accordance with this Chapter. Rules adopted pursuant to this subsection shall establish mandatory health and safety standards applicable to the cultivation of retail marijuana, the manufacture of retail marijuana products, and the packaging and labeling of retail marijuana and retail marijuana products sold by a licensee to a consumer. Such regulations shall address all of the following:

(1) Requirements for the storage, warehousing, and transportation of retail marijuana and retail marijuana products by licensees.

(2) Sanitary standards for marijuana establishments, including sanitary standards for the manufacture of retail marijuana and retail marijuana products.

(3) Limitations on the display of retail marijuana and retail marijuana products at retail marijuana stores.

§ 18D-1004. Advertising and marketing restrictions.

(a) As used in this section, unless the context requires a different meaning, "health-related statement" means any statement related to health and includes statements of a curative or therapeutic nature that, expressly or by implication, suggest a relationship between the consumption of retail marijuana or retail marijuana products and health benefits or effects on health.

(b) No person shall advertise in or send any advertising matter into the State about or concerning retail marijuana or retail marijuana products other than those that may be legally manufactured in the State under this Chapter.

(c) A licensee shall not advertise (i) through any means unless at least eighty-five percent (85%) of the audience is reasonably expected to be 21 years of age or older, as determined by reliable, up-to-date audience composition data or (ii) on television or the radio at any time outside of regular school hours for elementary and secondary schools.

(d) A licensee shall not engage in the use of pop-up digital advertisements but may list their establishment in public phone books and directories.

(e) A licensee shall not display any marijuana or marijuana product pricing through any means of advertisement other than their establishment website, which shall be registered with the Commission, or an opt-in subscription-based service, provided that the licensee utilizes proper age verification techniques to confirm that the person attempting to access the website or sign up for a subscription-based service is 21 years of age or older.
Advertising or marketing used by or on behalf of a licensee shall meet all of the following requirements:

1. Shall accurately and legibly identify the licensee responsible for its content by adding, at a minimum, the licensee’s license number, and shall include the statement "For use by adults 21 years of age and older."

2. Shall not be misleading, deceptive, or false.

3. Shall not appeal particularly to persons younger than 21 years of age, including by using cartoons in any way.

4. Shall comply with any other provisions imposed by Board rules.

(g) Any advertising or marketing involving direct, individualized communication or dialogue controlled by the licensee shall utilize a method of age affirmation to verify that the recipient is 21 years of age or older before engaging in that communication or dialogue controlled by the licensee. For the purposes of this subsection, that method of age affirmation may include user confirmation, birth date disclosure, or any other similar registration method.

(h) A licensee shall not give away any amount of retail marijuana or retail marijuana products, or any marijuana accessories, as part of a business promotion or other commercial activity.

(i) A licensee shall not include on the label of any retail marijuana or retail marijuana product or publish or disseminate advertising or marketing containing any health-related statement that is untrue in any particular manner or tends to create a misleading impression as to the effects on health of marijuana consumption.

(j) The provisions of this section shall not apply to noncommercial speech.

(k) The purpose of the advertising limitations set forth in this Chapter is to displace the illicit market and notify the public of the location of marijuana establishments.

"§ 18D-1005. Outdoor advertising; limitations; variances; compliance with other applicable laws.

(a) No outdoor retail marijuana or retail marijuana products advertising shall be placed within 1,000 linear feet on the same side of the road, and parallel to such road, measured from the nearest edge of the sign face upon which the advertisement is placed to the nearest edge of a building or structure located on the real property of (i) a public, private, or parochial school or an institution of higher education; (ii) a public or private playground or similar recreational or child-centered facility; or (iii) a substance use disorder treatment facility.

(b) However, (i) if there is no building or structure on a playground or similar recreational or child-centered facility, the measurement shall be from the nearest edge of the sign face upon which the advertisement is placed to the property line of such playground or similar recreational or child-centered facility and (ii) if a public, private, or parochial school providing grades kindergarten through 12 education is located across the road from a sign, the measurement shall be from the nearest edge of the sign face upon which the advertisement is placed to the nearest edge of a building or structure located on such real property across the road.

(c) If at the time the advertisement was displayed, the advertisement was more than 1,000 feet from (i) a public, private, or parochial school or an institution of higher education; (ii) a public or private playground or similar recreational or child-centered facility; or (iii) a substance use disorder treatment facility, but the circumstances change such that the advertiser would otherwise be in violation of subsection (a) of this section, the Board shall permit the advertisement to remain as displayed for the remainder of the term of any written advertising contract, but in no event more than one year from the date of the change in circumstances.

(d) Provided that such signs are in compliance with local ordinances, the distance and zoning restrictions contained in this section shall not apply to either of the following:

1. Signs placed by licensees upon the property on which the licensed premises are located so long as such signs do not display imagery of marijuana or the
use of marijuana or utilize long luminous gas-discharge tubes that contain rarefied neon or other gases.

(2) Directional signs placed by marijuana manufacturing facility licensees or marijuana wholesaler licensees with advertising limited to trade names and brand names.

(e) The distance and zoning restrictions contained in this section shall not apply to any sign regulated by the Department of Transportation.

(f) A marijuana licensee shall not use any billboard advertisements or advertise at any sporting event in the State.

(g) Except as otherwise provided in this section, all lawfully erected outdoor retail marijuana or retail marijuana products signs shall comply with the provisions of this Chapter, Board rules, Article 11 of Chapter 136 of the General Statutes and rules adopted pursuant thereto, and federal law.

"Article 11.
"Cannabis Equity Business Loan Program and Fund.

§ 18D-1100. Definitions.
The following definitions apply in this Article:

(1) CDFI. – A community development financial institution that provides credit and financial services for underserved communities.

(2) Fund. – The Cannabis Equity Business Loan Fund established in G.S. 18D-1101.

(3) Funding. – Loans made from the Fund.

(4) Program. – The Cannabis Equity Business Loan Program established in G.S. 18D-1102.

(5) Social equity qualified cannabis licensee. – A person or business who meets the criteria in this Chapter to qualify as a social equity applicant and who either holds or is in the final stages of acquiring, as determined by the Board, a license to operate a marijuana establishment.

§ 18D-1101. Cannabis Equity Business Loan Fund.

There is hereby created in the State Treasury a special nonreverting fund to be known as the Cannabis Equity Business Loan Fund, referred to in this section as "the Fund." All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the State Treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the General Fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of providing low-interest and zero-interest loans to social equity qualified cannabis licensees in order to foster business ownership and economic growth within communities that have been the most disproportionately impacted by the former prohibition of cannabis. Expenditures and disbursements from the Fund shall be made upon written request signed by the Chief Executive Officer of the Commission.

§ 18D-1102. Selection of CDFI; Program requirements; guidelines for management of the Fund.

(a) The Commission shall establish a Program to provide loans to qualified social equity cannabis licensees for the purpose of promoting business ownership and economic growth by communities that have been disproportionately impacted by the prohibition of cannabis. The Commission shall select and work in collaboration with a CDFI to assist in administering the Program and carrying out the purposes of the Fund. The CDFI selected by the Commission shall have (i) a statewide presence in North Carolina, (ii) experience in business lending, (iii) a proven track record of working with disadvantaged communities, and (iv) the capability to dedicate sufficient staff to manage the Program. Working with the selected CDFI, the Commission shall
establish monitoring and accountability mechanisms for businesses receiving funding and shall report annually the number of businesses funded; the geographic distribution of the businesses; the costs of the Program; and the outcomes, including the number and types of jobs created.

(b) The Program shall do all of the following:

(1) Identify social equity qualified cannabis licensees who are in need of capital for the start-up of a cannabis business properly licensed pursuant to the provisions of this Chapter.

(2) Provide loans for the purposes described in subsection (a) of this section.

(3) Provide technical assistance.

(4) Bring together community partners to sustain the Program.

"§ 18D-1103. Annual reports."

On or before December 1 of each year, the Commission shall report to the Secretary of Public Safety, the Governor, the Senate Appropriations/Base Budget Committee, and the House Committee on Appropriations, on such other matters regarding the Fund as the Commission may deem appropriate, including the amount of funding committed to projects from the Fund, or other items as may be requested by any of the foregoing persons to whom such report is to be submitted."

SECTION 2.2. Article 6 of Chapter 53C of the General Statutes is amended by adding a new section to read:

"§ 53C-6-21. Financial services for licensed marijuana establishments."

(a) As used in this section, the terms "licensed" and "marijuana establishment" are as defined in Chapter 18D of the General Statutes.

(b) A bank that provides a financial service to a licensed marijuana establishment, and the officers, directors, and employees of that bank, shall not be held liable pursuant to any State law or regulation solely for providing such a financial service or for further investing any income derived from such a financial service.

(c) Nothing in this section shall require a bank to provide financial services to a licensed marijuana establishment."

SECTION 2.3. Article 14B of Chapter 54 of the General Statutes is amended by adding a new section to read:

"§ 54-109.20A. Financial services for licensed marijuana establishments."

(a) As used in this section, the terms "licensed" and "marijuana establishment" are as defined in Chapter 18D of the General Statutes.

(b) A credit union that provides a financial service to a licensed marijuana establishment, and the officers, directors, and employees of that credit union, shall not be held liable pursuant to any State law or regulation solely for providing such a financial service or for further investing any income derived from such a financial service.

(c) Nothing in this section shall require a credit union to provide financial services to a licensed marijuana establishment."

SECTION 2.4. The Board of Directors of the Cannabis Control Commission, as created by this Part, shall adopt rules to implement the provisions of this act by July 1, 2024.

SECTION 2.5. The Cannabis Control Commission may start accepting applications for licenses under this act on July 1, 2024, and shall, from July 1, 2024, until December 31, 2024, give preference to qualified social equity applicants, as determined by rules adopted by the Board of Directors of the Commission in accordance with this act. The Commission may issue any license authorized by this act to any applicant who meets the requirements for licensure established by this act and by any rules adopted by the Board of Directors of the Commission in accordance with this act.

SECTION 2.6. Any applicant issued a license by the Commission may operate in accordance with the provisions of this act prior to January 1, 2025; however, no retail marijuana store licensee may sell retail marijuana or retail marijuana products to a consumer prior to
January 1, 2025. If a limit is placed on the number of licenses to be granted pursuant to this act, the Commission shall, from July 1, 2024, to July 1, 2029, reserve a license slot for a qualified social equity applicant for every license that was initially granted to a social equity applicant and was subsequently surrendered. The Commission shall develop and implement its diversity, equity, and inclusion plan pursuant to G.S. 18D-202, as created by this Part, and publish resources to assist social equity applicants by January 1, 2024. The Commission shall ensure that geographic dispersion is achieved regarding the issuance of retail marijuana store licenses and shall reassess the issuance of retail marijuana store licenses at the following intervals to ensure that geographic dispersion is maintained: after issuance of 100 licenses, 200 licenses, and 300 licenses.

SECTION 2.7. The Commission shall, in consultation with the Secretaries of Public Safety, Transportation, and Health and Human Services, develop and implement a health, safety, and safe driving campaign by January 1, 2024.

SECTION 2.8. The Secretaries of Health and Human Services and Public Safety shall convene a work group with all appropriate State agencies and authorities to develop a plan for identifying and collecting data that can determine the use and misuse of marijuana in order to determine appropriate policies and programs to promote public health and safety. The plan shall include marijuana-related data regarding (i) poison control center calls; (ii) hospital and emergency room visits; (iii) impaired driving; (iv) use rates, including heavy or frequent use, mode of use, and demographic information for vulnerable populations, including youth and pregnant women; and (v) treatment rates for cannabis use disorder and any other diseases related to marijuana use. The plan shall detail the categories for which each data source will be collected, including the region where the individual lives or the incident occurred and the age and race or ethnicity of the individual. The plan shall also include the means by which initial data will be collected as soon as practicable as a benchmark prior to the effective date of an act legalizing marijuana for adult use, the plan for regular collection of such data thereafter, and the cost of the initial and ongoing collection of such data. The plan shall also recommend a timetable and determine the cost for analyzing and reporting the data. The work group shall also recommend metrics to identify disproportionate impacts of marijuana legalization, if any, to include discrimination in the State's cannabis industry. The work group shall report its findings and recommendations to the Governor and the General Assembly by November 1, 2022.

SECTION 2.9. The State Board of Education, with assistance from appropriate experts, shall implement a plan to ensure that teachers have access to sufficient information, resources, and lesson ideas to assist them in teaching about the harms of marijuana use among the youth and about substance abuse. The State Board of Education shall (i) review resources currently provided to teachers to determine if additional or updated material or lesson ideas are needed and (ii) provide or develop any additional materials and resources deemed necessary and make the same available to teachers by January 1, 2025.

SECTION 2.10. The State Board of Education shall develop a plan for introducing teachers, particularly those teaching health, to the information and resources available to them to assist them in teaching standards related to marijuana use. Such plan shall include providing professional development webinars as soon as practicable, as well as ongoing periodic professional development relating to marijuana, as well as alcohol, tobacco, and other drugs as appropriate. The plan shall include the estimated cost of implementation and any potential source of funds to cover such cost and shall be submitted to the Governor and the General Assembly by November 1, 2022.

SECTION 2.11. The Board of Governors of the University of North Carolina and the State Board of Community Colleges determine what, if any, additional evidence-based efforts should be undertaken for college-age individuals to promote education and prevention strategies relating to marijuana. The plan shall include the estimated cost of implementation and any
potential source of funds to cover such cost and shall be submitted to the Governor and the General Assembly by November 1, 2022.

SECTION 2.12. The initial terms of office of those persons appointed to serve as nonlegislative citizen members on the Cannabis Public Health Advisory Council, as created by this Part, shall be staggered as follows: six persons shall be appointed for a term to expire June 30, 2026; six persons shall be appointed for a term to expire June 30, 2027; and five persons shall be appointed for a term to expire June 30, 2028. Thereafter, nonlegislative citizen members of the Cannabis Public Health Advisory Council shall serve for terms of four years.

SECTION 2.13. Sections 2.4 through 2.13 of this act are effective when they become law. G.S. 18D-200 through G.S. 18D-225, as enacted by this Part, and become effective July 1, 2022. The remainder of this Part becomes effective January 1, 2025.

PART III. REVISE LAW ON INDUSTRIAL HEMP

SECTION 3.1. Article 50E of Chapter 106 of the General Statutes is repealed.

SECTION 3.2. Chapter 106 of the General Statutes is amended by adding two new Articles to read:

"Article 50F.
"Industrial Hemp.

The following definitions apply in this Article:

1. Board. – The North Carolina Board of Agriculture.
2. Cannabis sativa product. – A product made from any part of the plant Cannabis sativa, including seeds thereof and any derivative, extract, cannabinoid, isomer, acid, salt, or salt of an isomer, whether growing or not, with a concentration of tetrahydrocannabinol that is greater than that allowed by federal law.
4. Deal. – To buy industrial hemp grown in compliance with State or federal law and to sell such industrial hemp to a person who (i) processes industrial hemp in compliance with State or federal law or (ii) sells industrial hemp to a person who processes industrial hemp in compliance with State or federal law.
5. Dealer. – Any person who is registered to deal in industrial hemp by the Commission pursuant to this Article. This term does not include (i) a grower, (ii) a processor, or (iii) any person who buys industrial hemp for personal use or retail sale in this State.
6. Dealership. – The location at which a dealer stores or intends to store the industrial hemp in which he or she deals.
7. Department. – The Department of Agriculture and Consumer Services.
8. Grow. – To plant, cultivate, or harvest a plant or crop.
9. Grower. – Any person registered to grow industrial hemp pursuant to this Article.
10. Hemp product. – A product that contains industrial hemp and has completed all stages of processing needed for the product.
11. Hemp product intended for smoking. – Any hemp product intended to be consumed by inhalation.
12. Hemp testing laboratory. – A laboratory licensed pursuant to this Article to test hemp products or a marijuana testing facility as defined in Chapter 18D of the General Statutes.
13. Industrial hemp. – Any part of the plant Cannabis sativa, including seeds thereof, whether growing or not, with a concentration of tetrahydrocannabinol that is no greater than that allowed by federal law. This term includes an
industrial hemp extract that has not completed all stages of processing needed
to convert into a hemp product.

(14) Process. – To convert industrial hemp into a hemp product.

(15) Processor. – A person who is licensed to process industrial hemp by the
Commission pursuant to this Article.

(16) Process site. – The location at which a processor processes or intends to
process industrial hemp.

(17) Production field. – The land or area on which a grower is growing or intends
to grow industrial hemp.

§ 106-568.59. Production of industrial hemp lawful.

(a) It is lawful for a grower or his agent to grow, a dealer or his agent to deal in, or a
processor or his agent to process industrial hemp in the State for any lawful purpose. No grower
or his agent, dealer or his agent, or processor or his agent shall be prosecuted for the possession,
growing, dealing, or processing of industrial hemp.

(b) Nothing in this Article shall be construed to authorize any person to violate any
federal law or regulation.

(c) No person shall be prosecuted for the involuntary growth of industrial hemp through
the inadvertent natural spread of seeds or pollen as a result of proximity to a production field,
dealership, or process site.

§ 106-568.60. Rules.

(a) The Board may adopt rules pursuant to this Article as necessary to register persons to
grow, deal in, or process industrial hemp or implement the provisions of this Article.

(b) Upon publication by the U.S. Department of Agriculture in the Federal Register of
any final rule regarding industrial hemp that materially expands opportunities for growing,
producing, or dealing in industrial hemp in the State, the Board shall immediately adopt
amendments conforming Department rules to such federal final rule. Such adoption of rules by
the Board shall be exempt from the provisions of Chapter 150B of the General Statutes.

(c) The Board shall adopt rules (i) establishing acceptable testing practices for hemp
products intended for smoking and hemp products that are an industrial hemp extract intended
for human consumption, (ii) identifying the contaminants for which hemp products intended for
smoking and hemp products that are an industrial hemp extract intended for human consump
tion shall be tested, and (iii) establishing the maximum level of allowable contamination for each
contaminant.

(d) The Board shall adopt rules establishing (i) labeling and packaging requirements for
a hemp product intended for smoking and a hemp product that is an industrial hemp extract
intended for human consumption and (ii) advertising requirements for a hemp product intended
for smoking and a hemp product that is an industrial hemp extract intended for human
consumption.

§ 106-568.61. Authority of Commissioner; notice to law enforcement; report.

(a) The Commissioner may charge a nonrefundable fee not to exceed fifty dollars
($50.00) for any application for registration or license or renewal of registration or license
allowed under this Article. The Commissioner may charge a nonrefundable fee for the
tetrahydrocannabinol testing allowed under this Article. All fees collected by the Commissioner
shall be deposited in the General Fund.

(b) The Commissioner shall notify the State Bureau of Investigation of the locations of
all industrial hemp production fields, dealerships, process sites, and hemp testing laboratories.

(c) The Commissioner shall forward a copy or appropriate electronic record of each
registration issued by the Commissioner under this chapter to the chief law enforcement officer
of the county or city where industrial hemp will be grown, dealt, or processed, or where a hemp
testing laboratory will be located.
(d) The Commissioner shall be responsible for monitoring the industrial hemp grown, dealt, or processed by a person registered pursuant to this Article and shall provide for random testing of the industrial hemp, at the cost of the grower, dealer, or processor, for compliance with tetrahydrocannabinol limits and for other appropriate purposes established pursuant to this Article. In addition to any routine inspection and sampling, the Commissioner may inspect and sample the industrial hemp at any production field, dealership, or process site during normal business hours without advance notice if he or she has reason to believe a violation of this Article is occurring or has occurred.

(e) The Commissioner may require a grower, dealer, or processor to destroy, at the cost of the grower, dealer, or processor and in a manner approved of and verified by the Commissioner, any Cannabis sativa that the grower grows, in which the dealer deals, or that the processor processes that has been tested and is found to have a concentration of tetrahydrocannabinol that is greater than that allowed by federal law, or any Cannabis sativa product that the processor produces.

(f) Notwithstanding the provisions of subsection (e) of this section, if the provisions of subdivisions (1) and (2) of this subsection are included in a plan that (i) is submitted by the Department pursuant to § 10113 of the federal Agriculture Improvement Act of 2018, P.L. 115-334, (ii) requires the Department to monitor and regulate the production of industrial hemp in the State, and (iii) is approved by the U.S. Secretary of Agriculture:

(1) The Commissioner may require a grower, dealer, or processor to destroy, at the cost of the grower, dealer, or processor and in a manner approved of and verified by the Commissioner, any Cannabis sativa that the grower grows, in which the dealer deals, or that the processor processes that has been tested and is found to have a concentration of tetrahydrocannabinol that is greater than six tenths of one percent (0.6%).

(2) If such a test of Cannabis sativa indicates a concentration of tetrahydrocannabinol that is greater than six tenths of one percent (0.6%), but less than one percent (1%), the Commissioner shall allow the grower, dealer, or processor to request that the Cannabis sativa be sampled and tested again before he or she requires its destruction.

(g) The Commissioner shall advise the Attorney General of the United States and the State Bureau of Investigation or the chief law enforcement officer of the appropriate county or city when, with a culpable mental state greater than negligence, a grower grows, a dealer deals in, or a processor processes any Cannabis sativa with a concentration of tetrahydrocannabinol that is greater than that allowed by federal law or a processor produces a Cannabis sativa product.

(h) The Commissioner may pursue any permits or waivers from the U.S. Drug Enforcement Administration or appropriate federal agency that he or she determines to be necessary for the advancement of the industrial hemp industry.

(i) The Commissioner may establish a corrective action plan to address a negligent violation of any provision of this chapter.


(a) The Commissioner shall establish a registration program to allow a person to grow, deal in, or process industrial hemp in the State.

(b) Any person seeking to grow, deal in, or process industrial hemp in the State shall apply to the Commissioner for a registration on a form provided by the Commissioner. At a minimum, the application shall include all of the following:

(1) The name and mailing address of the applicant.

(2) The legal description and geographic data sufficient for locating (i) the land on which the applicant intends to grow industrial hemp, (ii) the site at which the applicant intends to deal in industrial hemp, or (iii) the site at which the applicant intends to process industrial hemp. A registration shall authorize
industrial hemp growth, dealing in, or processing only at the location specified in the registration.

(3) A signed statement indicating whether the applicant has ever been convicted of a felony. A person with a prior felony drug conviction within 10 years of applying for a registration under this section shall not be eligible to be registered.

(4) Written consent allowing the sheriff’s office, police department, or State Bureau of Investigation, if a registration is ultimately issued to the applicant, to enter the premises on which the industrial hemp is grown, dealt in, or processed to conduct physical inspections of the industrial hemp and to ensure compliance with the requirements of this Article. No more than two physical inspections shall be conducted under this subdivision per year, unless a valid search warrant for an inspection has been issued by a court of competent jurisdiction.

(5) Written consent allowing the Commissioner or his or her designee to enter the premises on which the industrial hemp is grown, dealt in, or processed to conduct inspections and sampling of the industrial hemp to ensure compliance with the requirements of this Article.

(6) A statement of the approximate square footage or acreage of the location he or she intends to use as a production field, dealership, or process site.

(7) Any other information required by the Commissioner.

(8) The payment of a nonrefundable application fee, in an amount set by the Commissioner not to exceed fifty dollars ($50.00).

(c) Each registration issued pursuant to this section shall be valid for a period of one year from the date of issuance and may be renewed in successive years. Each annual renewal shall require the payment of a registration renewal fee, in an amount set by the Commissioner not to exceed fifty dollars ($50.00).

(d) All records, data, and information filed in support of a registration application submitted pursuant to this section shall be considered proprietary and are not a public record.

§ 106-568.63. Registration conditions.

(a) A person shall obtain a registration pursuant to this Article prior to growing, dealing in, or processing any industrial hemp in the State.

(b) A person issued a registration pursuant to this Article shall do all of the following:

(1) Maintain records that reflect compliance with this Article and with all other State or federal laws regulating the growing, dealing in, or processing of industrial hemp.

(2) Retain all industrial hemp growing, dealing, or processing records for at least three years.

(3) Allow his or her production field, dealership, or process site to be inspected by and at the discretion of the Commissioner or his or her designee, the State Bureau of Investigation, or the chief law enforcement officer of the locality in which the production field or dealership or process site exists.

(4) Allow the Commissioner or his or her designee to monitor and test the grower’s, dealer’s, or processor’s industrial hemp for compliance with tetrahydrocannabinol levels and for other appropriate purposes established pursuant to this Article, at the cost of the grower, dealer, or processor.

(5) If required by the Commissioner, destroy, at the cost of the grower, dealer, or processor and in a manner approved of and verified by the Commissioner, any Cannabis sativa that the grower grows, the dealer deals in, or the processor processes that has been tested and, following any re-sampling and retesting as authorized pursuant to the provisions of this Article, is found to have a
concentration of tetrahydrocannabinol that is greater than that allowed by
federal law, or any Cannabis sativa product that the processor produces.

(c) A processor that processes a hemp product intended for smoking or a hemp product
that is an industrial hemp extract intended for human consumption shall make available the
results of the testing conducted to each retail establishment that offers for sale the processor’s
hemp products.

§ 106-568.64. Forfeiture of industrial hemp grower, dealer, or processor registration:
violations.

(a) The Commissioner shall deny the application, or suspend or revoke the registration,
of any person who, with a culpable mental state greater than negligence, violates any provision
of this Article. The Commissioner shall provide reasonable notice of an informal fact-finding
hearing pursuant to any person in connection with the denial, suspension, or revocation of a
registration.

(b) If a registration is revoked as the result of an informal hearing, the decision may be
appealed, and upon appeal an administrative hearing shall be conducted in accordance with
Chapter 150B of the General Statutes. The grower, dealer, or processor may appeal a final order
in accordance with Chapter 150B of the General Statutes.

(c) A person issued a registration pursuant to this Article who negligently (i) fails to
provide a description and geographic data sufficient for locating his or her production field,
dealership, or process site; (ii) grows, deals in, or processes Cannabis sativa with a
tetrahydrocannabinol concentration greater than that allowed by federal law; or (iii) produces a
Cannabis sativa product shall comply with any corrective action plan established by the
Commissioner in accordance with the provisions of subsection (e) of this section.

(d) A person who grows, deals in, or processes industrial hemp and who negligently fails
to register pursuant to this Article shall comply with any corrective action plan established by the
Commissioner in accordance with the provisions of subsection (e) of this section.

(e) A corrective action plan established by the Commissioner in response to a negligent
violation of a provision of this Article shall identify a reasonable date by which the person who
is the subject of the plan shall correct the negligent violation and shall require such person to
report periodically for not less than two calendar years to the Commissioner on the person’s
compliance with the provisions of this Article.

(f) No person who negligently violates the provisions of this Article three times in a
five-year period shall be eligible to grow, deal in, or process industrial hemp for a period of five
years beginning on the date of the third violation.

§ 106-568.65. Hemp testing laboratory license program.

(a) The Commissioner shall establish a licensure program to allow a laboratory to test
industrial hemp or hemp products in the State.

(b) Any laboratory seeking to test industrial hemp or hemp products in the State shall
apply to the Commissioner for a license on a form provided by the Commissioner. At a minimum,
the application shall include all of the following:

(1) The name and address of the laboratory.

(2) The address of each location at which the laboratory intends to test industrial
hemp or hemp products.

(3) The name of the person who will oversee and be responsible for the testing
and documentation that such person has earned from an institution of higher
education accredited by a national or regional certifying authority at least (i)
a master's degree in chemical or biological sciences and a minimum of two
years of post-degree laboratory experience or (ii) a bachelor's degree in
chemical or biological sciences and a minimum of four years of post-degree
laboratory experience.
§ 106-568.65. Hemp testing laboratory license.

(a) A laboratory shall obtain a license issued pursuant to this Article prior to testing any industrial hemp or hemp product in the State. However, a marijuana testing facility, as defined in Chapter 18D of the General Statutes, shall not be required to obtain a license issued pursuant to this Article prior to testing industrial hemp or hemp products in the State.

(b) A laboratory issued a license pursuant to G.S. 106-568.65 shall do all of the following:

(1) Maintain accreditation pursuant to standard ISO/IEC 17025 of the International Organization for Standardization by a third-party accrediting body.

(2) Employ a person who will oversee and be responsible for testing hemp products and who has earned from an institution of higher education accredited by a national or regional certifying authority at least (i) a master's degree in chemical or biological sciences and a minimum of two years of post-degree laboratory experience or (ii) a bachelor's degree in chemical or biological sciences and a minimum of four years of post-degree laboratory experience.

(3) Allow the Commissioner or his or her designee to inspect each location at which the laboratory tests hemp products.

(c) If the results of a test required by this Article indicate that the tested hemp product exceeds the maximum level of allowable tetrahydrocannabinol (THC) or contamination for any contaminant for which testing is required, a hemp testing laboratory shall, within seven days of completing the test, notify the Commissioner of the test results.

(d) For each day any violation of this section occurs, the Commissioner may assess a penalty not to exceed (i) one thousand dollars ($1,000) for a first violation; (ii) five thousand dollars ($5,000) for a second violation; and (iii) a six-month license suspension for a third or subsequent violation within a five-year period. All penalties collected by the Commissioner pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

"Article 50G.
"Edible Marijuana Products.

§ 106-568.66. Definitions.
The following definitions apply in this Article:

1. **Board.** – As defined in G.S. 106-568.58.
2. **Commissioner.** – As defined in G.S. 106-568.58.
4. **Food.** – Any article that is intended for human consumption and introduction into commerce, whether the article is simple, mixed, or compound, and all substances or ingredients used in the preparation thereof. This term does not include (i) articles or substances recognized in the official United States Pharmacopoeia National Formulary or official Homeopathic Pharmacopoeia of the United States, or any supplement to any of them; (ii) articles or substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or animals; (iii) articles or substances, other than food, intended to affect the structure or any function of the body of man or animals; (iv) articles or substances intended for use as a component of any article specified in clause (i), (ii), or (iii); or (v) a biological product.

"§ 106-568.68. Edible marijuana products; approved food; adulterated food.
(a) An edible marijuana product is a food and is subject to the requirements of this Article and rules adopted pursuant to this Article.
(b) An edible marijuana product that does not comply with the provisions of Chapter 18D of the General Statutes or health and safety rules adopted pursuant thereto shall be deemed to be adulterated.

"§ 106-568.69. Manufacturer of edible marijuana products.
A manufacturer of an edible marijuana product shall be an approved source if the manufacturer operates as follows:

1. Under inspection by the Commissioner in the location in which such manufacturing occurs.
2. In compliance with the laws, regulations, or criteria that pertain to the manufacture of edible marijuana products in the location in which such manufacturing occurs.

"§ 106-568.70. Rules.
The Board shall adopt rules for the enforcement of this Article."

SECTION 3.3. The Board of Agriculture shall adopt rules to implement the provisions of this Part by December 1, 2024.

SECTION 3.4. Section 3.3 of this act is effective when it becomes law. The remainder of this Part becomes effective January 1, 2025.

PART IV. AUTOMATIC EXPUNGENCE OF MARIJUANA OFFENSES

SECTION 4.1. Article 5 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"§ 15A-145.8B. Automatic expungence of certain marijuana offenses.
(a) If a person was charged with an offense involving marijuana or hashish that is legal under Chapter 18D of the General Statutes, and such person was convicted, such conviction shall be ordered to be automatically expunged no later than July 1, 2027, in the manner set forth in this section.
(b) The Administrative Office of the Courts shall determine which offenses meet the criteria for expungence set forth in subsection (a) of this section. Upon completing the determination required under this subsection, the Administrative Office of the Courts shall provide an electronic list of the offenses to the clerk of each superior court. Upon receipt of the electronic list required under this subsection, the clerk of each superior court shall prepare an order of expungement for each case that meets the criteria set forth in subsection (a) of this section and was finalized in his or her court. Upon completion of the order of expungement, the court
shall order the expunction. Upon order of expungement, the clerk shall forward the petition to
the Administrative Office of the Courts.
(c) No person as to whom such an order has been entered under this section shall be held
thereafter under any provision of any law to be guilty of perjury, or to be guilty of otherwise
giving a false statement or response to any inquiry made for any purpose, by reason of the
person's failure to recite or acknowledge any expunged entries concerning apprehension, charge,
or trial.
(d) The court shall also order that the conviction ordered expunged under this section be
expunged from the records of the court and direct all law enforcement agencies bearing record
of the same to expunge their records of the conviction. The clerk shall notify State and local
agencies of the court's order as provided in G.S. 15A-150.
(e) Any other applicable State or local government agency shall expunge from its records
entries made as a result of the conviction ordered expunged under this section. The agency shall
also reverse any administrative actions taken against a person whose record is expunged under
this section as a result of the charges or convictions expunged. This subsection shall not apply to
the Department of Justice for DNA records and samples stored in the State DNA Database and
the State DNA Databank."

SECTION 4.2. The Administrative Office of the Courts shall provide the list
required under G.S. 15A-145.8B(b), as enacted by this Part, by October 1, 2026.

SECTION 4.3. This Part becomes effective January 1, 2025.

PART V. CONFORMING CHANGES
SECTION 5.1. G.S. 90-87(16) is repealed.
SECTION 5.2. G.S. 90-94 is repealed.
SECTION 5.3. G.S. 90-95 reads as rewritten:
"§ 90-95. Violations; penalties.
…
(b) Except as provided in subsections (h) and (i) of this section, any person who violates
G.S. 90-95(a)(1) with respect to:
…
(2) A controlled substance classified in Schedule III, IV, V, or VI shall be
punished as a Class I felon, except that the sale of a controlled substance
classified in Schedule III, IV, V, or VI shall be punished as a Class H
felon. The transfer of less than 5 grams of marijuana for no remuneration shall
not constitute a delivery in violation of G.S. 90-95(a)(1).
…
(d) Except as provided in subsections (h) and (i) of this section, any person who violates
G.S. 90-95(a)(3) with respect to:
…
(4) A controlled substance classified in Schedule VI shall be guilty of a Class 3
misdemeanor, but any sentence of imprisonment imposed must be suspended
and the judge may not require at the time of sentencing that the defendant
serve a period of imprisonment as a special condition of probation. If the
quantity of the controlled substance exceeds one-half of an ounce
(avoirdupois) of marijuana or one twentieth of an ounce (avoirdupois) of the
extracted resin of marijuana, commonly known as hashish, the violation shall
be punishable as a Class 1 misdemeanor. If the quantity of the controlled
substance exceeds one and one half ounces (avoirdupois) of marijuana, or
three twentieths of an ounce (avoirdupois) of the extracted resin of marijuana,
commonly known as hashish, or if the controlled substance consists of any
quantity of synthetic tetrahydrocannabinols or tetrahydrocannabinols isolated
from the resin of marijuana, the violation shall be punishable as a Class I felony.

(e) The prescribed punishment and degree of any offense under this Article shall be subject to the following conditions, but the punishment for an offense may be increased only by the maximum authorized under any one of the applicable conditions:

(8) Any person 21 years of age or older who commits an offense under G.S. 90-95(a)(1) on property used for a child care center, or for an elementary or secondary school or within 1,000 feet of the boundary of real property used for a child care center, or for an elementary or secondary school shall be punished as a Class E felon. For purposes of this subdivision, the transfer of less than five grams of marijuana for no remuneration shall not constitute a delivery in violation of G.S. 90-95(a)(1). For purposes of this subdivision, a child care center is as defined in G.S. 110-86(3)a., and that is licensed by the Secretary of the Department of Health and Human Services.

(10) Any person 21 years of age or older who commits an offense under G.S. 90-95(a)(1) on property that is a public park or within 1,000 feet of the boundary of real property that is a public park shall be punished as a Class E felon. For purposes of this subdivision, the transfer of less than five grams of marijuana for no remuneration shall not constitute a delivery in violation of G.S. 90-95(a)(1).

(h) Notwithstanding any other provision of law, the following provisions apply except as otherwise provided in this Article:

(1) Any person who sells, manufactures, delivers, transports, or possesses in excess of 10 pounds (avoirdupois) of marijuana shall be guilty of a felony which felony shall be known as "trafficking in marijuana" and if the quantity of such substance involved:

a. Is in excess of 10 pounds, but less than 50 pounds, such person shall be punished as a Class H felon and shall be sentenced to a minimum term of 25 months and a maximum term of 39 months in the State's prison and shall be fined not less than five thousand dollars ($5,000);

b. Is 50 pounds or more, but less than 2,000 pounds, such person shall be punished as a Class G felon and shall be sentenced to a minimum term of 35 months and a maximum term of 51 months in the State's prison and shall be fined not less than twenty-five thousand dollars ($25,000);

c. Is 2,000 pounds or more, but less than 10,000 pounds, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 93 months in the State's prison and shall be fined not less than fifty thousand dollars ($50,000);

d. Is 10,000 pounds or more, such person shall be punished as a Class D felon and shall be sentenced to a minimum term of 175 months and a maximum term of 222 months in the State's prison and shall be fined not less than two hundred thousand dollars ($200,000).

..."

SECTION 5.4. G.S. 90-113.22A is repealed.

SECTION 5.5. G.S. 90-113.21 reads as rewritten:

"§ 90-113.21. General provisions."
(a) As used in this Article, "drug paraphernalia" means all equipment, products and materials of any kind that are used to facilitate, or intended or designed to facilitate, violations of the Controlled Substances Act, including planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, and concealing controlled substances and injecting, ingesting, inhaling, or otherwise introducing controlled substances into the human body. "Drug paraphernalia" includes, but is not limited to, the following:

(7) Separation gins and sifters for removing twigs and seeds from, or otherwise cleaning or refining, marijuana;

…

(12) Objects for ingesting, inhaling, or otherwise introducing marijuana, cocaine, hashish, or hashish oil into the body, such as:

a. Metal, wooden, acrylic, glass, stone, plastic, or ceramic pipes with or without screens, permanent screens, hashish heads, or punctured metal bowls;

b. Water pipes;

c. Carburetion tubes and devices;

d. Smoking and carburetion masks;

e. Objects, commonly called roach clips, for holding burning material, such as a marijuana cigarette, that has become too small or too short to be held in the hand;

…

SECTION 5.6. G.S. 105-113.106 reads as rewritten:

§ 105-113.106. Definitions.

The following definitions apply in this Article:

…

(3) Dealer. – Any of the following:

a. A person who actually or constructively possesses more than 42.5 grams of marijuana, seven or more grams of any other controlled substance other than marijuana that is sold by weight, or 10 or more dosage units of any other controlled substance that is not sold by weight.

b. A person who in violation of Chapter 18B of the General Statutes possesses illicit spirituous liquor for sale.


d. A person who in violation of Chapter 18B of the General Statutes possesses an illicit mixed beverage for sale.

…

(6) Marijuana. — All parts of the plant of the genus Cannabis, whether growing or not; the seeds of this plant; the resin extracted from any part of this plant; and every compound, salt, derivative, mixture, or preparation of this plant, its seeds, or its resin.

…

SECTION 5.7. G.S. 105-113.107 reads as rewritten:

§ 105-113.107. Excise tax on unauthorized substances.

(a) Controlled Substances. – An excise tax is levied on controlled substances possessed, either actually or constructively, by dealers at the following rates:
(1) At the rate of forty cents (40¢) for each gram, or fraction thereof, of harvested marijuana stems and stalks that have been separated from and are not mixed with any other parts of the marijuana plant.

(1a) At the rate of three dollars and fifty cents ($3.50) for each gram, or fraction thereof, of marijuana, other than separated stems and stalks taxed under subdivision (1) of this [sub]section, or synthetic cannabinoids.

(1b) At the rate of fifty dollars ($50.00) for each gram, or fraction thereof, of cocaine.

(1c) At the rate of fifty dollars ($50.00) for each gram, or fraction thereof, of any low-street-value drug that is sold by weight.

(2) At the rate of two hundred dollars ($200.00) for each gram, or fraction thereof, of any other controlled substance that is sold by weight.

(2a) At the rate of fifty dollars ($50.00) for each 10 dosage units, or fraction thereof, of any low-street-value drug that is not sold by weight.

(3) At the rate of two hundred dollars ($200.00) for each 10 dosage units, or fraction thereof, of any other controlled substance that is not sold by weight.

(a1) Weight. – A quantity of marijuana or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the dealer’s possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

SECTION 5.8. G.S. 105-113.107A reads as rewritten:

"§ 105-113.107A. Exemptions.

(a) Authorized Possession. – The tax levied in this Article does not apply to a substance in the possession of a dealer who is authorized by law to possess the substance. This exemption applies only during the time the dealer’s possession of the substance is authorized by law.

(b) Certain Marijuana Parts. – The tax levied in this Article does not apply to the following marijuana:

(1) Harvested mature marijuana stalks when separated from and not mixed with any other parts of the marijuana plant.

(2) Fiber or any other product of marijuana stalks described in subdivision (1) of this subsection, except resin extracted from the stalks.

(3) Marijuana seeds that have been sterilized and are incapable of germination.

(4) Roots of the marijuana plant."

SECTION 5.9. G.S. 105-113.108(b)(1) is repealed.

SECTION 5.10. G.S. 106-134(4) reads as rewritten:

"(4) If it is for use by man and contains any quantity of the narcotic or hypnotic substance alphaeucaine, barbituric acid, betaeucaine, bromal, cannabis, carbromal, chloral, coca, cocaine, codeine, heroin, marijuana, morphine, opium, paraldehyde, peyote, or sulphonmethane; or any chemical derivative of such substances, which derivative has been by the Board after investigation, found to be, and by regulations under this Article, designated as, habit forming; unless its label bears the name and quantity or proportion of such substance or derivative and in juxtaposition therewith the statement "Warning – May be habit forming."

SECTION 5.11. G.S. 148-64.1(a)(2)e. is repealed.

SECTION 5.12. G.S. 90-94.1 is repealed.

SECTION 5.13. This Part becomes effective January 1, 2025, and applies to offenses committed on or after that date.

PART VI. SAVINGS CLAUSE AND EFFECTIVE DATE
SECTION 6.1. 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 6.2. Except as otherwise provided in this act, this act is effective when it becomes law.