

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 680
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10332-MLf-74C

Short Title: The Protect Children from Cannabis Act.

(Public)

Sponsors: Representative Reeder.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REGULATE THE SALE AND DISTRIBUTION OF HEMP-DERIVED
3 CONSUMABLE PRODUCTS.

4 Whereas, changes to federal law in 2018 related to hemp and associated changes in
5 State law have resulted in a surge in the manufacture and sale of intoxicating cannabis products
6 in North Carolina; and

7 Whereas, these products are being sold by retailers like vape shops, gas stations, and
8 convenience stores, as well as online, in various forms such as candy, baked goods, snack foods,
9 beverages, and vape pens; and

10 Whereas, these products may contain high levels of intoxicating cannabis, however,
11 there are no State laws or regulations addressing age limits for the sale of these products, and
12 there is no system for identifying or regulating the retailers who sell these products; and

13 Whereas, evidence shows that young children and youth can have severe reactions to
14 ingesting cannabis, including respiratory depression requiring respiratory support, confusion, and
15 intoxication; and

16 Whereas, evidence also shows that cannabis use during adolescence and young
17 adulthood may harm the developing brain, and youth who use intoxicating cannabis can
18 experience multiple negative impacts such as: problems with memory, learning, school and social
19 life; impaired driving; the potential for addiction; and increased risk of mental health issues,
20 including depression, anxiety, psychosis, schizophrenia, and suicidal behaviors; and

21 Whereas, since 2019 and following this surge in the availability of intoxicating
22 cannabis products, the rate of emergency department visits in North Carolina for intoxicating
23 cannabis ingestion (THC ingestion) among children and youth ages 17 and under increased more
24 than 600 percent by 2023, and among older teens the rate increased more than 1,000 percent; and

25 Whereas, the State must protect its children under the age of 21 from intoxicating
26 cannabis products that can harm their health, development, and safety; Now, therefore,
27 The General Assembly of North Carolina enacts:

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

29 **"Chapter 18D.**

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

31 **"Article 1.**

32 **"Definitions and Authority.**

33 **"§ 18D-100. Definitions.**

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

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

36 (2) Commission. – As defined in G.S. 18B-101.



* D R H 1 0 3 3 2 - M L F - 7 4 C *

- 1 (3) Consumer. – An individual who purchases, receives, or possesses
2 hemp-derived consumable products for personal consumption and not for
3 resale.
- 4 (4) Delivery sale. – A sale of hemp-derived consumable products to a consumer
5 in this State in which either of the following applies:
- 6 a. The consumer submits the order for the sale by telephone, mail, the
7 internet or other online service or application, or when the seller is
8 otherwise not in the physical presence of the consumer when the
9 consumer submits the order.
- 10 b. The hemp-derived consumable products are delivered via mail or a
11 delivery service.
- 12 (5) Delivery seller. – A person located within or outside this State who makes a
13 delivery sale.
- 14 (6) Delivery seller permit. – A permit issued to a delivery seller pursuant to this
15 Chapter.
- 16 (7) Delivery service. – A person engaged in the commercial delivery of letters,
17 packages, or other containers.
- 18 (8) Distribute. – Sell, furnish, give, or provide hemp-derived consumable
19 products to the ultimate consumer.
- 20 (9) Hemp. – As defined in G.S. 90-87.
- 21 (10) Hemp-derived cannabinoid. – Any phytocannabinoid found in hemp,
22 including delta-9 tetrahydrocannabinol (delta-9 THC), tetrahydrocannabinolic
23 acid (THCA), cannabidiol (CBD), cannabidiolic acid (CBDA), cannabinol
24 (CBN), cannabigerol (CBG), cannabichromene (CBC), cannabicyclol (CBL),
25 cannabivarin (CBV), tetrahydrocannabivarin (THCV), cannabidivarin
26 (CBDV), cannabicitran (CBT), delta-7 tetrahydrocannabinol (delta-7 THC),
27 delta-8 tetrahydrocannabinol (delta-8 THC), or delta-10 tetrahydrocannabinol
28 (delta-10 THC). This term also includes any artificially produced cannabinoid
29 derived from hemp and contained in a hemp-derived consumable product.
- 30 (11) Hemp-derived consumable product. – A hemp product that is a finished good
31 intended for human ingestion or inhalation that contains a delta-9 THC
32 concentration of not more than three-tenths of one percent (0.3%) on a dry
33 weight basis, but may contain concentrations of other hemp-derived
34 cannabinoids, in excess of that amount. This term does not include hemp
35 products intended for topical application or seeds or seed-derived ingredients
36 that are generally recognized as safe by the United States Food and Drug
37 Administration (FDA).
- 38 (12) Hemp-derived consumable product retail sales law. – Any statute or statutes
39 in this Chapter and the rules issued by the Commission under the authority of
40 this Chapter.
- 41 (13) Hemp product. – As defined in G.S. 90-87.
- 42 (14) Ingestion. – The process of consuming hemp through the mouth, by
43 swallowing into the gastrointestinal system or through tissue absorption.
- 44 (15) Inhalation. – The process of consuming hemp into the respiratory system
45 through the mouth or nasal passages.
- 46 (16) Packaging. – The individual packet, can, box, or other container used to
47 contain and to convey hemp-derived consumable products to the consumer.
- 48 (17) Permit. – A permit issued pursuant to this Chapter, unless the context clearly
49 requires otherwise.

- 1 (18) Person. – An individual, firm, partnership, association, corporation, limited
2 liability company, other organization or group, or other combination of
3 individuals acting as a unit.
- 4 (19) Premises. – A fixed permanent establishment, including all areas inside or
5 outside the licensed establishment, where the permittee has control through a
6 lease, deed, or other legal process.
- 7 (20) Proof of age. – A drivers license, a special identification card issued under
8 G.S. 20-37.7 or issued by the state agency of any other state authorized to
9 issue similar official state special identification cards for that state, a military
10 identification card, or a passport showing the purchaser's age to be at least the
11 required age for purchase and bearing a physical description of the person
12 named on the card reasonably describing the purchaser.
- 13 (21) Retail dealer. – A person who sells a hemp-derived consumable product to the
14 ultimate consumer of the product, including a delivery seller.
- 15 (22) Retail seller. – A retail dealer who is not a delivery seller.
- 16 (23) Retail seller permit. – A permit issued to a retail seller pursuant to this Chapter.
- 17 (24) Sale. – As defined in G.S. 105-113.4.
- 18 (25) Sample. – A hemp-derived consumable product distributed to members of the
19 general public at no cost for the purpose of promoting the product.

20 **§ 18D-101. Powers and duties of the Commission.**

21 (a) The Commission shall have the authority to do all of the following:

- 22 (1) Administer the hemp-derived consumable product retail sales laws pursuant
23 to this Chapter.
- 24 (2) Provide for enforcement of the hemp-derived consumable product retail sales
25 laws pursuant to this Chapter, in conjunction with the ALE Division.
- 26 (3) Issue permits and impose sanctions against permittees in accordance with this
27 Chapter.

28 (b) The Commission shall have all other powers which may be reasonably implied from
29 the granting of the express powers listed in subsection (a) of this section, or which may be
30 incidental to, or convenient for, performing the duties given to the Commission.

31 **§ 18D-102. Inspection of licensed premises.**

32 (a) To procure evidence of violations of the hemp-derived consumable product retail
33 sales law, alcohol law enforcement agents and employees of the Commission shall have authority
34 to investigate the operation of each licensed premises for which a permit has been issued, to make
35 inspections that include viewing the entire premises, and to examine the books and records of the
36 permittee. The inspection authorized by this section may be made at any time it reasonably
37 appears that someone is on the premises.

38 (b) Refusal by a permittee or by any employee of a permittee to allow officers or
39 employees of the Commission to enter the premises to make an inspection authorized by
40 subsection (a) of this section shall be cause for revocation, suspension, or other action against the
41 permit or the permittee as provided in G.S. 18D-103. It shall be a Class 2 misdemeanor for any
42 person to resist or obstruct an officer attempting to make a lawful inspection under this section.

43 **§ 18D-103. Administrative penalties.**

44 (a) For any violation of the hemp-derived consumable product retail sales laws, the
45 Commission may take any of the following actions against a permittee:

- 46 (1) Suspend the permittee's permit for a specified period of time not longer than
47 three years.
- 48 (2) Revoke the permittee's permit.
- 49 (3) Fine the permittee up to five hundred dollars (\$500.00) for the first violation,
50 up to seven hundred fifty dollars (\$750.00) for the second violation within

1 three years, and up to one thousand dollars (\$1,000) for the third violation
2 within three years of the first violation.

3 (4) Suspend the permittee's permit under subdivision (1) of this subsection and
4 impose a fine under subdivision (3) of this subsection.

5 (b) In any case in which the Commission is entitled to suspend or revoke a permit, the
6 Commission may accept from the permittee an offer in compromise to pay a penalty of not more
7 than five thousand dollars (\$5,000). The Commission may either accept a compromise or revoke
8 a permit, but not both. The Commission may accept a compromise and suspend the permit in the
9 same case.

10 (c) The clear proceeds of fines and penalties assessed pursuant to this section shall be
11 remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

12 (d) Suspension or revocation of a permit is grounds for suspension or revocation of any
13 related State or local revenue license.

14 (e) Unless some other disposition is ordered by the Commission for a hemp-derived
15 consumable product retail sales law violation, revocation or suspension of a permit under
16 subsection (a) of this section does not include automatic revocation or suspension, respectively,
17 of any ABC permit held by the same permittee for the same establishment.

18 **"§ 18D-104. Rules.**

19 The Commission shall have authority to adopt, amend, and repeal rules to carry out the
20 provisions of this Chapter. Those rules shall become effective when adopted and filed pursuant
21 to the provisions of Chapter 150B of the General Statutes.

22 **"§ 18D-105. Applicability of Administrative Procedure Act.**

23 (a) A permit is a "license" within the meaning of G.S. 150B-2 and, except for a
24 confirmation pursuant to G.S. 18D-300(a)(7), a Commission action on issuance, suspension, or
25 revocation of a permit, other than a temporary permit issued under G.S. 18D-304, is a "contested
26 case" subject to the provisions of Chapter 150B of the General Statutes, except as provided in
27 this section.

28 (b) Hearings on permits shall be held within 100 miles, as best can be determined by the
29 Commission, of the county seat of the county in which the licensed business or proposed business
30 is located. The hearing may be held, however, at any place upon agreement of the Commission
31 and all other parties.

32 (c) In making a final decision in a contested case in which an issue is whether to deny an
33 application for a permit because the applicant is unsuitable, the Commission may hear evidence
34 of acts that occurred after the date the contested case hearing was held if the evidence is
35 admissible under G.S. 150B-29(a). New evidence heard under this subsection is not grounds for
36 reversal or remand under G.S. 150B-51(a).

37 "Article 2.

38 "Sales.

39 **"§ 18D-200. Permit required.**

40 (a) It is unlawful to sell a hemp-derived consumable product to a consumer in this State
41 without a permit issued by the Commission in accordance with this Chapter.

42 (b) Notwithstanding subsection (a) of this section, no permit issued pursuant to this
43 Chapter shall be required by a delivery service making deliveries on behalf of another person
44 holding a permit issued pursuant to this Chapter.

45 **"§ 18D-201. Disposition of seized hemp-derived consumable products.**

46 (a) A law enforcement officer who seizes hemp-derived consumable products as
47 evidence of a hemp-derived consumable product retail sales law violation shall provide for the
48 storage of those hemp-derived consumable products until the commencement of the trial or
49 administrative hearing relating to the violation, unless some other disposition is authorized under
50 this section.

1 (b) After giving notice to each defendant, to any other known owner, and to the
2 Commission, a judge may order any of the following dispositions of the hemp-derived
3 consumable products seized as evidence of a hemp-derived consumable product retail sales law
4 violation:

5 (1) The destruction of any hemp-derived consumable products except that amount
6 needed for evidence at trial.

7 (2) The sale of any hemp-derived consumable products other than any
8 hemp-derived consumable products needed for evidence at trial, if the trial is
9 likely to be delayed for more than 90 days, or if the quantity or nature of the
10 hemp-derived consumable products is such that storage is impractical or
11 unduly expensive.

12 (3) The destruction of the hemp-derived consumable products if storage or sale is
13 not practical.

14 (4) Continued storage of the hemp-derived consumable products.

15 (c) After the criminal charge is resolved, a judge may order any of the following
16 dispositions of the seized hemp-derived consumable products:

17 (1) If the owner or possessor of the hemp-derived consumable products is found
18 guilty of a criminal charge relating to those hemp-derived consumable
19 products, the judge may order the sale or destruction of any hemp-derived
20 consumable products that were held until trial.

21 (2) If the owner or possessor of the hemp-derived consumable products is found
22 not guilty, or if charges are dismissed or otherwise resolved in favor of the
23 owner or possessor, the judge shall order the hemp-derived consumable
24 products returned to that owner or possessor, except as provided in
25 subdivision (3) of this subsection.

26 (3) If the owner or possessor of the hemp-derived consumable products is found
27 not guilty, or if charges are otherwise resolved in favor of the owner or
28 possessor, but possession of the hemp-derived consumable products by that
29 owner or possessor would be unlawful, the judge shall order the hemp-derived
30 consumable products either sold or destroyed.

31 (4) If ownership of the hemp-derived consumable products remains uncertain
32 after trial or after the charges have been dismissed, the judge may order the
33 hemp-derived consumable products held for a specified time, until ownership
34 of the hemp-derived consumable products can be determined.

35 (d) If hemp-derived consumable products used as evidence in a criminal proceeding are
36 also needed as evidence at an administrative hearing, a judge shall not order any of the
37 dispositions set out in subsection (c) of this section but shall order the hemp-derived consumable
38 products held for the administrative hearing and for a determination of final disposition by the
39 Commission. The Commission may, before or after an administrative hearing, order any of the
40 dispositions authorized under subsections (b) and (c) of this section. If no related criminal
41 proceeding has commenced, the Commission shall not order destruction of the hemp-derived
42 consumable products until notice has been given to the district attorney for the district where the
43 hemp-derived consumable products were seized or any violation of hemp-derived consumable
44 product retail sales laws related to the seizure of the hemp-derived consumable products is likely
45 to be prosecuted.

46 (e) The sale of hemp-derived consumable products shall be by public auction to a
47 hemp-derived consumable products manufacturer, a hemp-derived consumable products
48 wholesaler, or a person holding a permit issued under this Chapter.

49 (f) An agency selling hemp-derived consumable products seized under the provisions of
50 this Chapter shall keep the proceeds in a separate account until some other disposition is ordered
51 by a judge or the Commission. In a criminal proceeding, if the owner or possessor of the

1 hemp-derived consumable products is found guilty of a violation relating to seizure of the
2 hemp-derived consumable products, if the owner or possessor is found not guilty or the charge
3 is dismissed or otherwise resolved in favor of the owner or possessor, but the possession of the
4 hemp-derived consumable products by that owner or possessor would be unlawful, or if the
5 ownership of the hemp-derived consumable products cannot be determined, the proceeds from
6 the sale of those hemp-derived consumable products shall be paid to the school fund of the county
7 in which the hemp-derived consumable products were seized. If the owner or possessor of the
8 hemp-derived consumable products seized for violation of the hemp-derived consumable product
9 retail sales laws is found not guilty of criminal charges relating to the seizure of those
10 hemp-derived consumable products or the charge is dismissed or otherwise resolved in favor of
11 the owner or possessor, and if possession of the hemp-derived consumable products by that
12 owner or possessor was lawful when the hemp-derived consumable products were seized, the
13 proceeds from the sale of those hemp-derived consumable products shall be paid to the owner or
14 possessor. The agency making the sale may deduct and retain from the amount to be placed in
15 the county school fund the costs of storing the seized hemp-derived consumable products and of
16 conducting the sale but may not deduct those costs from the amount to be turned over to an owner
17 or possessor of the hemp-derived consumable products.

18 (g) Any person who claims any of the following resulting from the seizure of
19 hemp-derived consumable products may bring an action in the superior court of the county in
20 which the hemp-derived consumable products were seized:

- 21 (1) To be the owner of hemp-derived consumable products that are wrongfully
22 held.
- 23 (2) To be the owner of hemp-derived consumable products that are needed as
24 evidence in another proceeding.
- 25 (3) To be entitled to proceeds from a sale of the hemp-derived consumable
26 products.
- 27 (4) To be entitled to restitution for hemp-derived consumable products
28 wrongfully destroyed.

29 **"§ 18D-202. Forfeiture.**

30 (a) Hemp-derived consumable products possessed or sold in violation of the
31 hemp-derived consumable product retail sales laws shall be subject to forfeiture.

32 (b) Hemp-derived consumable products which may be possessed lawfully shall not be
33 subject to forfeiture when they were used unlawfully by someone other than the owner of the
34 hemp-derived consumable products and the owner did not consent to the unlawful use.

35 (c) If hemp-derived consumable products subject to forfeiture have not already been
36 seized as part of an arrest or search, a law enforcement officer may apply to a judge for an order
37 authorizing seizure of that hemp-derived consumable product. An order for seizure may be issued
38 only after criminal process has been issued for hemp-derived consumable product retail sales law
39 violation in connection with that hemp-derived consumable product. The order shall describe the
40 hemp-derived consumable product to be seized and shall state the facts establishing probable
41 cause to believe that the hemp-derived consumable product is subject to forfeiture.

42 (d) A law enforcement officer seizing the hemp-derived consumable product subject to
43 forfeiture shall provide for its safe storage until trial.

44 (e) The presiding judge in a criminal proceeding for violation of hemp-derived
45 consumable product retail sales laws may take any of the following actions after resolution of a
46 charge against the owner or possessor of the hemp-derived consumable product subject to
47 forfeiture under this section:

- 48 (1) If the owner or possessor of the hemp-derived consumable product is found
49 guilty of a hemp-derived consumable product retail sales offense, the judge
50 may order the hemp-derived consumable product forfeited.

- 1 (2) If the owner or possessor of the hemp-derived consumable product is found
2 not guilty, or if the charge is dismissed or otherwise resolved in favor of the
3 owner or possessor, the judge shall order the hemp-derived consumable
4 product returned to the owner or possessor.
- 5 (3) If ownership of the hemp-derived consumable product remains uncertain after
6 trial, the judge may order the hemp-derived consumable product held for a
7 specified time to determine ownership. If the judge finds that ownership
8 cannot be determined with reasonable effort, the judge shall order the
9 hemp-derived consumable product forfeited.
- 10 (4) Regardless of the disposition of the charge, if the hemp-derived consumable
11 product is something that may not be possessed lawfully, the judge shall order
12 it forfeited.
- 13 (5) If the hemp-derived consumable product is also needed as evidence at an
14 administrative hearing, the judge shall provide that the order does not go into
15 effect until the Commission determines that the hemp-derived consumable
16 product is no longer needed for the administrative proceeding.
- 17 (f) A judge ordering forfeiture of the hemp-derived consumable product may order any
18 one of the following dispositions:
- 19 (1) Sale at public auction to a hemp-derived consumable products manufacturer,
20 a hemp-derived consumable products wholesaler, or a person holding a permit
21 issued under this Chapter.
- 22 (2) Destruction, if possession of the hemp-derived consumable product would be
23 unlawful or if sale or other disposition is not practical.
- 24 (g) If the forfeited hemp-derived consumable product is sold, the proceeds of that sale
25 shall be paid to the school fund of the county in which the hemp-derived consumable product
26 was seized, except as provided in subsection (h) of this section. Before placing the hemp-derived
27 consumable product proceeds in the school fund, the agency making the sale may deduct and
28 retain the costs of storing the hemp-derived consumable product and conducting the sale.
- 29 (h) At any time before forfeiture is ordered, an owner of the seized hemp-derived
30 consumable product or a holder of a security interest in the seized hemp-derived consumable
31 product, other than the defendant, may apply to protect the person's interest in the hemp-derived
32 consumable product. The application may be made to any judge who has jurisdiction to try the
33 offense with which the hemp-derived consumable product is associated. If the judge finds that
34 the hemp-derived consumable product owner or holder of a security interest did not consent to
35 the unlawful use of the hemp-derived consumable product, and that the hemp-derived
36 consumable product may be possessed lawfully by the owner or holder, the judge may order any
37 of the following:
- 38 (1) That the hemp-derived consumable product be returned to the owner, if it is
39 not needed as evidence at trial.
- 40 (2) That the hemp-derived consumable product be returned to the owner
41 following trial or other resolution of the case.
- 42 (3) That, if the hemp-derived consumable product is sold following trial, a
43 specified sum be paid from the proceeds of that sale to the holder of the
44 security interest.
- 45 (i) When the hemp-derived consumable product is seized for forfeiture but the owner is
46 unknown, the district attorney may seek forfeiture under this section by an action in rem against
47 the hemp-derived consumable product. If the owner is known and has been charged with an
48 offense but is unavailable for trial, the district attorney may seek forfeiture either by an action in
49 rem against the hemp-derived consumable product or by motion in the criminal action.
- 50 (j) Any owner of a hemp-derived consumable product seized for forfeiture may apply to
51 a judge to have the hemp-derived consumable product returned to him if no criminal charge has

1 been made in connection with that hemp-derived consumable product within a reasonable time
2 after seizure. The judge may not order the return of the hemp-derived consumable product if
3 possession by the owner would be unlawful.

4 "Article 3.

5 "Issuance of Permits.

6 **"§ 18D-300. Qualifications for a permit.**

7 (a) To be eligible to receive and to hold a permit under this Chapter, a person must satisfy
8 all of the following requirements:

9 (1) Be at least 21 years old.

10 (2) Be a resident of North Carolina, unless either of the following applies:

11 a. The person is an officer, director, or stockholder of a corporate
12 applicant or permittee and is not a manager or otherwise responsible
13 for the day-to-day operation of the business.

14 b. The person has executed a power of attorney designating a qualified
15 resident of this State to serve as attorney-in-fact for the purposes of
16 receiving service of process and managing the business for which
17 permits are sought.

18 (3) Not have been convicted of a felony within three years and, if convicted of a
19 felony before then, have had his or her citizenship restored.

20 (4) Not have been convicted of a hemp-derived consumable product retail sales
21 law within five years.

22 (5) Not have been convicted of a misdemeanor controlled substance offense
23 within five years.

24 (6) Not have had a permit issued under this Chapter revoked within five years,
25 except where the revocation was based solely on a permittee's failure to pay
26 the annual renewal fee required in G.S. 18D-302(d).

27 (7) Be current in filing all applicable tax returns to the State and in payment of all
28 taxes, interest, and penalties that are collectible under G.S. 105-241.22.

29 To avoid undue hardship, however, the Commission may decline to take action under
30 G.S. 18D-103 against a permittee who is in violation of subdivision (3), (4), or (5) of this
31 subsection.

32 (b) A person has been "convicted" for the purposes of subsection (a) of this section when
33 the person has been found guilty or has entered a plea of guilty or nolo contendere and judgment
34 has been entered. A felony conviction in another jurisdiction disqualifies a person from being
35 eligible to receive or hold a permit under this Chapter if the conduct would also constitute a
36 felony in North Carolina. A conviction of a hemp-derived consumable product retail sales law or
37 misdemeanor drug offense in another jurisdiction disqualifies a person from being eligible to
38 receive or hold a permit under this Chapter if the conduct would constitute an offense in North
39 Carolina, unless the Commission determines that under North Carolina procedure judgment
40 would not have been entered under the same circumstances. Revocation of a permit in another
41 jurisdiction disqualifies a person if the conduct would be grounds for revocation of a permit under
42 this Chapter in North Carolina.

43 (c) For a permit to be issued to and held for a business, each of the following persons
44 associated with that business must qualify under subsection (a) of this section:

45 (1) The owner of a sole proprietorship.

46 (2) Each member of a firm, association, or general partnership.

47 (3) Each general partner in a limited partnership.

48 (4) Each manager and any member with a twenty-five percent (25%) or greater
49 interest in a limited liability company.

50 (5) Each officer, director, and owner of twenty-five percent (25%) or more of the
51 stock of a corporation except that the requirement of subdivision (1) of

1 subsection (a) of this section does not apply to the officer, director, or
2 stockholder unless he or she is a manager or is otherwise responsible for the
3 day-to-day operation of the business.

4 (6) The manager of an establishment operated by a corporation.

5 (7) Any manager who has been empowered as attorney-in-fact for a nonresident
6 individual or partnership.

7 (8) Any manager or person otherwise responsible for the day-to-day operation of
8 the business, if none of the persons listed in subdivisions (1) through (7) of
9 this subsection are a manager or person otherwise responsible for the
10 day-to-day operation of the business.

11 (d) Upon request of the Commission, the Department of Revenue shall provide
12 information to the Commission to confirm a person's compliance with subdivision (7) of
13 subsection (a) of this section. If the Department of Revenue notifies the Commission that a person
14 is not in compliance, then the Commission may not issue or renew the person's permit until the
15 Commission receives notice from the Department of Revenue that the person is in compliance.
16 The requirement to pay all taxes, interest, and penalties may be satisfied by an operative
17 agreement under G.S. 105-237 covering any amounts that are collectible under G.S. 105-241.22.
18 Chapter 150B of the General Statutes does not apply to a Commission action on issuance,
19 suspension, or revocation of a permit under subdivision (7) of subsection (a) of this section.

20 **"§ 18D-301. Issuance of permits.**

21 (a) All permits shall be issued by the Commission.

22 (b) Before issuing a permit, the Commission shall be satisfied that the applicant is a
23 suitable person to hold a permit and that the location is a suitable place to hold the permit for
24 which the applicant has applied. Factors the Commission shall consider in determining whether
25 the applicant and the business location are suitable are all of the following:

26 (1) The reputation, character, and criminal record of the applicant.

27 (2) Any other evidence that would tend to show whether the applicant would
28 comply with the hemp-derived consumable product retail sales laws.

29 (3) Whether the operation of the retail seller permit applicant's business at that
30 location would be detrimental to the neighborhood, including evidence
31 admissible under G.S. 150B-29(a) of any of the following:

32 a. Past revocations, suspensions, and violations of ABC laws by prior
33 permittees related to or associated with the applicant, or a business
34 with which the applicant is associated, within the immediate preceding
35 12-month period at this location.

36 b. Evidence of illegal drug activity on or about the licensed premises.

37 c. Evidence of fighting, disorderly conduct, and other dangerous
38 activities on or about the licensed premises.

39 (c) The Commission shall have the sole power, in its discretion, to determine the
40 suitability and qualifications of an applicant for a permit. The Commission shall also have the
41 authority to determine the suitability of the location to which the permit may be issued.

42 **"§ 18D-302. Application for permit; fees.**

43 (a) An application for a permit shall be on a form prescribed by the Commission and shall
44 be notarized in accordance with Chapter 10B of the General Statutes. Each person required to
45 qualify under G.S. 18D-300(c) shall sign and swear to the application and submit a full set of
46 fingerprints with the application.

47 (b) Before issuing a new permit, the Commission, with the assistance of the ALE
48 Division, shall investigate the applicant and, for a retail seller permit, the premises for which the
49 permit is requested. An applicant shall cooperate fully with the investigation. The State Bureau
50 of Investigation may provide a criminal record check to the ALE Division for a person who has
51 applied for a permit through the Commission. The ALE Division shall provide to the State Bureau

1 of Investigation, along with the request, the fingerprints of the applicant, any additional
2 information required by the State Bureau of Investigation, and a form signed by the applicant
3 consenting to the check of the criminal record and to the use of the fingerprints and other
4 identifying information required by the State or national repositories. The applicant's fingerprints
5 shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history
6 record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the
7 Federal Bureau of Investigation for a national criminal history check. The ALE Division and the
8 Commission shall keep all information pursuant to this subsection privileged, in accordance with
9 applicable State law and federal guidelines, and the information shall be confidential and shall
10 not be a public record under Chapter 132 of the General Statutes. The State Bureau of
11 Investigation may charge each applicant a fee for conducting the checks of criminal history
12 records authorized by this subsection.

13 (c) Knowingly making a false statement in an application for a permit shall be grounds
14 for denying, suspending, revoking, or taking other action against the permit as provided in
15 G.S. 18D-103 and shall also be unlawful.

16 (d) An application for a permit shall be accompanied by payment of two thousand dollars
17 (\$2,000) for each applicant's location or each delivery seller applicant's internet website offering
18 delivery in this State. However, a single entity with more than 25 locations, internet websites
19 offering delivery in this State, or a combination of the two shall not pay more than fifty thousand
20 dollars (\$50,000) and shall submit a list of all locations and all internet websites offering delivery
21 in this State to the Commission.

22 (e) The fee required by subsection (d) of this section shall not be refunded.

23 (f) All fees collected by the Commission under this Chapter shall be remitted to the State
24 Treasurer for the General Fund.

25 **"§ 18D-303. Duration of permit; renewal and transfer.**

26 (a) Once issued, permits shall be valid for up to one year, from May 1 to April 30.

27 (b) Application for renewal of a permit shall be on a form provided by the Commission.
28 An application for renewal shall be accompanied by a renewal fee. The renewal fee shall be the
29 same amount as the application fee set in G.S. 18D-302. A renewal fee shall not be refundable.

30 (c) Notwithstanding subsection (a) of this section, the Commission shall not revoke a
31 permit for failure to pay a renewal application fee until June 1 of each year. No later than five
32 business days after April 30 of each year, the Commission shall notify permittees who have not
33 paid any required renewal application fees as of April 30. The Commission shall charge a late
34 fee of twenty-five percent (25%) of the renewal application fee for a permit for which the renewal
35 application fee is submitted after April 30.

36 (d) Change in Ownership. –

37 (1) Except as provided in subdivisions (2) and (2a) of this subsection, all permits
38 for an establishment shall automatically expire and shall be surrendered to the
39 Commission in any of the following circumstances:

40 a. Ownership of the establishment changes.

41 b. There is a change in the membership of the firm, association, or
42 partnership owning the establishment, involving the acquisition of a
43 twenty-five percent (25%) or greater share in the firm, association, or
44 partnership by someone who did not previously own a twenty-five
45 percent (25%) or greater share.

46 c. Twenty-five percent (25%) or more of the stock of the corporate
47 permittee owning the establishment is acquired by someone who did
48 not previously own twenty-five percent (25%) or more of the stock.

49 (2) Notwithstanding subsection (e) of this section, any person who through
50 contract, lease, management agreement, or change of ownership or transfer of
51 business as provided in subdivision (1) of this subsection becomes lawfully

1 entitled to use and control of the premises of an establishment that holds
2 permits immediately prior to such change of ownership may continue to
3 operate the establishment, as successor to the prior permittee, to the same
4 extent as the predecessor permittee until the person receives a temporary or
5 new permit, subject to the following limitations:

6 a. The person shall provide written or electronic notice to the
7 Commission of the name of the non-permitted person, the name and
8 address of the permitted establishment, and the date of the change in
9 ownership. The person may not operate the establishment as provided
10 in this subdivision until the person has provided notice to the
11 Commission. The Commission shall not require any additional
12 documentation besides the written or electronic notice to satisfy this
13 requirement. The prior permittee shall not be liable for any acts or
14 omissions of the non-permitted person operating the establishment.
15 Any violations of the hemp-derived consumable product retail sales
16 law committed by the person or any actions taken by the Commission
17 to revoke or suspend the permit based on the acts or omissions of the
18 person operating the establishment shall not preclude the prior
19 permittee from receiving a permit for a different establishment.

20 b. The person shall submit a new permit application to the Commission
21 within 60 days after the change of ownership. If the person does not
22 apply for a new permit within 60 days, all permits for the establishment
23 shall automatically expire and shall be surrendered to the Commission.

24 c. The 60-day period to file a new permit application shall only be
25 allowed once per 24 months for each establishment that holds a permit,
26 unless the establishment requests and the Commission grants a waiver
27 of the 24-month requirement. The Commission shall grant a waiver of
28 the 24-month requirement if it determines that the public health,
29 safety, and welfare would not be harmed by granting the waiver.

30 d. This subdivision shall apply only to establishments that hold permits
31 that are in good standing and that have not been found responsible by
32 the Commission or a court of competent jurisdiction of a gambling,
33 assault, disorderly conduct, prostitution, or controlled substances
34 violation within 12 months prior to the date the non-permitted person
35 becomes entitled to use and control of the establishment.

36 e. The person shall be authorized to operate the establishment as
37 successor to the prior permittee to the same extent as the predecessor
38 permittee until the Commission either issues or denies the permit
39 application submitted pursuant to sub-subdivision b. of this
40 subdivision.

41 (2a) The transfer by a person of any ownership interest to a revocable or
42 irrevocable trust established by the person shall not constitute a change in
43 ownership for purposes of subdivision (1) of this subsection if the person
44 transferring the ownership interest to the trust continues to operate the
45 establishment. If the person who transferred the ownership interest ceases to
46 operate the establishment following the transfer of the ownership interest to
47 the trust, this shall constitute a change in ownership for purposes of
48 subdivision (1) of this subsection. The trustee shall notify the Commission
49 within 30 days if the person who transferred the ownership interest ceases to
50 operate the establishment.

1 (e) A corporation holding a permit for an establishment for which the manager is required
2 to qualify as an applicant under G.S. 18D-300(c) shall, within 30 days after employing a new
3 manager, submit to the Commission an application for substitution of a manager. The application
4 shall be signed by the new manager, shall be on a form provided by the Commission, and shall
5 be accompanied by a fee of ten dollars (\$10.00). The fee shall not be refundable.

6 (f) A permit issued pursuant to this Chapter may not be transferred from one person to
7 another or from one location to another.

8 (g) The Commission may issue duplicate permits for an establishment when the existing
9 valid permits have been lost or damaged. The request for duplicate permits shall be on a form
10 provided by the Commission, certified by the permittee and the ALE Division, and accompanied
11 by a fee of ten dollars (\$10.00).

12 (h) The Commission may issue new permits to a permittee upon application and payment
13 of a fee of ten dollars (\$10.00) for each location when the permittee's name or name of the
14 business is changed.

15 **"§ 18D-304. Miscellaneous provisions concerning permits.**

16 (a) The following apply to a permit issued pursuant to this Chapter:

17 (1) A retail seller permit shall authorize the sale of hemp-derived consumable
18 products only in the physical presence of the consumer on the fixed premises
19 of the establishment located in the State and named in the permit. A retail
20 seller permit shall be issued to the owner of the business conducted on the
21 premises or to the management company employed to independently manage
22 and operate the business. The Commission may determine if a management
23 agreement delegates sufficient managerial control and independence to a
24 manager or management company to require a retail seller permit to be issued
25 to the manager.

26 (2) A delivery seller permit shall authorize a delivery sale only, originating either
27 inside or outside of the State. A delivery seller permit shall be issued to the
28 owner of the business or to the management company employed to
29 independently manage and operate the business. The Commission may
30 determine if a management agreement delegates sufficient managerial control
31 and independence to a manager or management company to require a delivery
32 seller permit to be issued to the manager.

33 (b) Each retail seller permit that is held by an establishment shall be posted in a prominent
34 place on the premises. Each delivery seller shall post its delivery seller permit number on any
35 advertisement, the internet, or other online service or application a customer may use to submit
36 an order and on all invoices or receipts for hemp-derived consumable products delivered by mail
37 or a delivery service.

38 (c) No permit shall be issued to a business on the campus or property of a public school,
39 college, or university.

40 (d) A permit shall automatically expire and shall be surrendered to the Commission if the
41 person to whom it is issued does not commence the activity authorized by the permit within six
42 months of the date the permit is effective. Before the expiration of the six-month period, the
43 Commission may waive this provision in individual cases for good cause.

44 (e) Upon issuing a permit, the Commission shall send notice of the issuance, with the
45 name and address of the permittee and the establishment, to all of the following:

46 (1) The Department of Revenue.

47 (2) The Department of Health and Human Services, Division of Mental Health,
48 Developmental Disabilities, and Substance Use Services.

49 (3) The ALE Division.

50 **"§ 18D-305. Temporary permits.**

1 When an application has been received in proper form, with the required application fee, the
2 Commission may issue a temporary permit for any of the activities for which permits are
3 authorized under this Chapter. A temporary permit may be revoked summarily by the
4 Commission without complying with the provisions of Chapter 150B of the General Statutes.
5 Revocation of a temporary permit or withdrawal by the Commission of a pending application by
6 a permittee possessing a temporary permit shall be effective upon service of the notice of
7 revocation or withdrawal upon the permittee at either the permittee's residence or the address
8 given for the business in the permit application or upon the expiration of five business days after
9 the notice of the revocation or withdrawal has been mailed to the permittee at either the
10 permittee's residence or the address given for the business in the permit application. No further
11 notice shall be required.

12 **"§ 18D-306. Allow electronic submission of payments and forms.**

13 (a) The Commission shall make all forms required by the Commission to apply for and
14 receive a permit available on the Commission's website, and the Commission shall, to the extent
15 practicable, allow for the electronic submission of these forms. Any form required by the
16 Commission to apply for and receive a permit that requires a signature may be submitted with an
17 electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes and
18 notarized in accordance with Chapter 10B of the General Statutes.

19 (b) The Commission shall accept electronic payments for any fee required under this
20 Chapter to receive a permit. For purposes of this subsection, the term "electronic payment" means
21 payment by charge card, credit card, debit card, or by electronic funds transfer as defined in
22 G.S. 105-228.90.

23 (c) The Commission may charge a fee to be used to cover costs incurred by the
24 Commission in processing forms electronically and accepting payments electronically. The fee
25 authorized under this subsection may not exceed five dollars (\$5.00).

26 **"§ 18D-307. Permits issued pursuant to this Chapter and ABC permits.**

27 (a) Applications for permits issued pursuant to this Chapter may be filed simultaneously
28 or in conjunction with applications for ABC permits under Chapter 18B of the General Statutes
29 and may be combined by the Commission in a single application.

30 (b) The Commission may use, rely upon, or incorporate by reference any information an
31 applicant for a permit under this Chapter has submitted in conjunction with an ABC permit issued
32 pursuant to Chapter 18B of the General Statutes.

33 "Article 4.

34 "Retail Activities.

35 **"§ 18D-400. Responsibilities of permittee.**

36 (a) For purposes of this Chapter, a retail seller permittee shall be responsible for the entire
37 premises for which the permit is issued. The permittee shall keep the premises clean, well-lighted,
38 and orderly.

39 (b) For purposes of this Chapter, a permittee shall be responsible for the actions of all
40 employees of the business for which the permit is issued.

41 (c) A permittee shall not knowingly employ in the sale or distribution of hemp-derived
42 consumable products any person who has been a past permit holder under this Chapter whose
43 permit had been revoked within the last 18 months and who had been the permit holder at the
44 location where the person would be employed.

45 (d) An employee or agent of a retail seller shall demand proof of age from a prospective
46 purchaser of hemp-derived consumable products before the hemp-derived consumable product
47 is released to the purchaser, if the person has reasonable grounds to believe that the prospective
48 purchaser is under 30 years of age.

49 (e) A delivery seller shall do both of the following:

50 (1) Perform an age verification through an independent, third-party age
51 verification service that compares information available from public records

- 1 to the personal information entered by the individual during the ordering
2 process to establish that the individual ordering the hemp-derived consumable
3 products is 21 years of age or older.
- 4 (2) Use a method of mailing, shipping, or delivery that requires the signature of a
5 person at least 21 years of age before the hemp-derived consumable product
6 is released to the purchaser.
- 7 (f) Retail sellers of hemp-derived consumable products shall train their employees or
8 agents in the requirements of this Chapter, to include all of the following:
- 9 (1) Which products the retail dealer sells meet the definition of a hemp-derived
10 consumable product.
- 11 (2) The age requirements for purchasing hemp-derived consumable products.
- 12 (3) Acceptable forms of identification.
- 13 (4) Methods to detect fake, altered, and imposter forms of identification.
- 14 (5) Penalties for sales to underage persons.
- 15 (6) Methods of identifying potentially underage persons and to prevent underage
16 sales.
- 17 (g) Retail dealers shall prominently display to the ultimate consumer the following
18 statement: "N.C. LAW STRICTLY PROHIBITS THE PURCHASE OF HEMP-DERIVED
19 CONSUMABLE PRODUCTS BY PERSONS UNDER THE AGE OF 21. PROOF OF AGE
20 REQUIRED." as follows:
- 21 (1) Retail sellers shall prominently display this required statement near the point
22 of sale on a sign with letters at least 5/8 of an inch high.
- 23 (2) Delivery sellers shall prominently display this required statement on any
24 advertisement, the internet, or other online service or application a customer
25 may use to submit an order and on all invoices or receipts for hemp-derived
26 consumable products delivered by mail or a delivery service.

27 **"§ 18D-401. Conduct on licensed premises.**

- 28 (a) It shall be unlawful for a permittee or the permittee's agent or employee to knowingly
29 allow any of the following kinds of conduct to occur on the licensed premises:
- 30 (1) Any violation of this Chapter.
- 31 (2) Any fighting or other disorderly conduct that can be prevented without undue
32 danger to the permittee, the permittee's employees, or patrons.
- 33 (3) Any violation of the controlled substances, gambling, or prostitution statutes,
34 or any other unlawful acts.

- 35 (b) It shall be unlawful for a permittee to fail to superintend in person or through a
36 manager the business for which a permit is issued.

37 **"§ 18D-402. Miscellaneous hemp-derived consumable product sales provisions.**

- 38 (a) A permittee shall not sell hemp-derived consumable products through displays
39 accessible to the public without the assistance of a permittee's employee or agent other than in
40 an establishment open only to persons 21 years of age and older.
- 41 (b) It shall be unlawful for any person to do any of the following:
- 42 (1) Produce or possess any false or facsimile permit, or for a permittee to display
43 any false or facsimile permit on the person's licensed premises.
- 44 (2) Refuse to surrender any permit to the Commission upon lawful demand of the
45 Commission or its agents.
- 46 (3) Offer hemp-derived consumable products for sale in a vending machine.
- 47 (4) Distribute hemp-derived consumable products not approved or authorized by
48 the federal Food and Drug Administration.
- 49 (5) Sell hemp-derived consumable products other than in the manufacturer's or
50 importer's original, sealed, and unopened packaging that complies with all
51 federal labeling requirements.

1 (6) Distribute or cause to be distributed samples of hemp-derived consumable
2 products.

3 "Article 5.

4 "Hemp-Derived Consumable Product Sales to Underage Persons.

5 "**§ 18D-500. Sales to persons under the age of 21.**

6 If any person shall sell, aid, assist, or abet any other person in selling hemp-derived
7 consumable products to any person under the age of 21 years, or if any person shall purchase
8 hemp-derived consumable products on behalf of a person under the age of 21 years, the person
9 shall be guilty of a Class 2 misdemeanor; provided, however, that it shall not be unlawful to sell
10 hemp-derived consumable products to an employee or agent of a permittee under the age of 21
11 years when possession of the hemp-derived consumable product is required pursuant to a permit
12 in the performance of that person's duties of employment or contract.

13 "**§ 18D-501. Purchase by persons under the age of 21.**

14 (a) Except as provided in subsection (b) of this section, if any person under the age of 21
15 years purchases or accepts receipt, or attempts to purchase or accept receipt, of hemp-derived
16 consumable products, the person shall commit an infraction. The person shall not be required to
17 pay any fine or court costs.

18 (b) If a person under the age of 21 presents or offers to any person any purported proof
19 of age which is false, fraudulent, or not actually his or her own, for the purpose of purchasing or
20 receiving any hemp-derived consumable product, the person shall be guilty of a Class 2
21 misdemeanor.

22 (c) It shall not be unlawful for an employee or agent of a permittee under the age of 21
23 years to accept receipt of, sell, transport, possess, or dispense hemp-derived consumable products
24 when required pursuant to a permit in the performance of that person's duties of employment or
25 contract, if the employment of the person for that purpose is lawful under applicable youth
26 employment statutes and Commission rules.

27 "**§ 18D-502. Aiding or abetting a person under the age of 21 to purchase or receive**
28 **hemp-derived consumable products.**

29 (a) If any person less than 21 years of age shall send a person less than 21 years of age to
30 purchase, acquire, receive, or attempt to purchase, acquire, or receive hemp-derived consumable
31 products or if any person less than 21 years of age shall aid or abet a person who is less than 21
32 years of age in purchasing, acquiring, or receiving or attempting to purchase, acquire, or receive
33 hemp-derived consumable products, the person shall commit an infraction. The person shall not
34 be required to pay any fine or court costs.

35 (b) If any person 21 years of age or older shall send a person less than 21 years of age to
36 purchase, acquire, receive, or attempt to purchase, acquire, or receive hemp-derived consumable
37 products, or if any person 21 years of age or older shall aid or abet a person who is less than 21
38 years of age in purchasing, acquiring, or receiving or attempting to purchase, acquire, or receive
39 hemp-derived consumable products, the person shall be guilty of a Class 2 misdemeanor.

40 "**§ 18D-503. Exceptions to violations of G.S. 18D-501 and G.S. 18D-502.**

41 Notwithstanding G.S. 18D-501 and G.S. 18D-502, a person under the age of 21 may lawfully
42 be enlisted by any of the following:

43 (1) Law enforcement, including the Division of Alcohol Law Enforcement, to test
44 compliance if the testing is under the direct supervision of that law
45 enforcement department and written parental consent is provided.

46 (2) The Department of Health and Human Services, pursuant to a written plan
47 prepared by the Secretary of Health and Human Services, to use persons under
48 21 years of age in annual, random, unannounced inspections, provided that
49 prior written parental consent is given for the involvement of these persons
50 and that the inspections are conducted for the sole purpose of preparing a
51 scientifically and methodologically valid statistical study of the extent of

1 success the State has achieved in reducing the availability of hemp-derived
2 consumable products to persons under the age of 21, and preparing any report
3 to the extent required by section 1926 of the federal Public Health Service Act
4 (42 U.S.C. § 300x-26).

- 5 (3) A research program affiliated with an accredited community college, college,
6 or university located in this State to test compliance as part of a scientific
7 research study to further efforts in underage hemp-derived consumable
8 product use prevention, provided that prior written parental consent is given
9 for persons under 18 years of age. The scientific research study must be
10 approved by an institutional review board with jurisdiction to review the study
11 and must comply with 45 C.F.R. § 46. The ALE Division and the Department
12 of Health and Human Services shall be provided a copy of the study protocol
13 30 calendar days before it is presented to the institutional review board and
14 given an opportunity to provide comments regarding the proposed research
15 protocol to the research investigators. The research investigators shall provide
16 any comments received from the ALE Division and the Department of Health
17 and Human Services to the institutional review board for review prior to the
18 rendering of a decision on the scientific research study application. A person
19 shall not be guilty of a violation of this Article when the act in question arises
20 as part of a test of compliance in a scientific research study pursuant to this
21 subdivision. A permittee shall not be in violation of this Article or subject to
22 any administrative penalty when the act in question arises as part of a test of
23 compliance in a scientific research study pursuant to this subdivision.

24 **"§ 18D-504. Defense to underage sale.**

25 It shall be a defense to a violation of G.S. 18D-500 if the seller does any of the following:

- 26 (1) Shows that the purchaser produced a drivers license, a special identification
27 card issued under G.S. 20-37.7 or issued by the state agency of any other state
28 authorized to issue similar official state special identification cards for that
29 state, a military identification card, or a passport, showing the person's age to
30 be at least the required age for purchase and bearing a physical description of
31 the person named on the card reasonably describing the purchaser.
32 (2) Produces evidence of other facts that reasonably indicated at the time of sale
33 that the purchaser was at least the required age.
34 (3) Shows that at the time of purchase, the purchaser utilized a biometric
35 identification system that demonstrated (i) the purchaser's age to be at least
36 the required age for the purchase and (ii) the purchaser had previously
37 registered with the seller or seller's agent a drivers license, a special
38 identification card issued under G.S. 20-37.7 or issued by the state agency of
39 any other state authorized to issue similar official state special identification
40 cards for that state, a military identification card, or a passport showing the
41 purchaser's date of birth and bearing a physical description of the person
42 named on the document.

43 **"§ 18D-505. Deferred prosecution or conditional discharge.**

44 Notwithstanding G.S. 15A-1341(a1) or G.S. 15A-1341(a4), any person charged with a
45 misdemeanor under this Article shall be qualified for deferred prosecution or a conditional
46 discharge pursuant to Article 82 of Chapter 15A of the General Statutes provided the defendant
47 has not previously been placed on probation for a violation of this Article and so states under
48 oath.

49 "Article 6.

50 "Miscellaneous.

51 **"§ 18D-600. Restitution.**

1 When a person is convicted of a violation of the hemp-derived consumable product retail
2 sales laws, the court may order the person to make restitution to any law enforcement agency for
3 reasonable expenditures made in purchasing hemp-derived consumable products from the person
4 or the person's agent as part of an investigation leading to the person's conviction.

5 **"§ 18D-601. Criminal penalty.**

6 Unless a different punishment is otherwise expressly stated, any person who violates any
7 provisions of this Chapter shall be guilty of a Class 1 misdemeanor. In addition, the court may
8 impose the provisions of G.S. 18D-201, 18D-202, and 18D-600."

9 **SECTION 2.** G.S. 18B-500(b) reads as rewritten:

10 "(b) Subject Matter Jurisdiction. – After taking the oath prescribed for a peace officer, an
11 alcohol law-enforcement agent shall have authority to arrest and take other investigatory and
12 enforcement actions for any criminal offense:

13 (1) Occurring, encountered, or otherwise discovered on the premises of, or
14 elsewhere when the conduct relates to, a location under application for or
15 holding a permit issued by the North Carolina Alcoholic Beverage Control
16 Commission or the North Carolina Education Lottery Commission.

17 (1a) Occurring, encountered, or otherwise discovered on the premises of, or
18 elsewhere when the conduct relates to, a location holding a permit issued
19 pursuant to Chapter 18D of the General Statutes.

20 (2) Encountered or otherwise discovered while investigating or enforcing matters
21 for the North Carolina Alcoholic Beverage Control Commission or the North
22 Carolina Education Lottery Commission or encountered or otherwise
23 discovered while investigating or enforcing the provisions of this Chapter,
24 Chapter 18C of the General Statutes, Chapter 18D of the General Statutes,
25 Article 5 of Chapter 90 of the General Statutes, G.S. 14-313, or Parts 1 and 2
26 of Article 37 of Chapter 14 of the General Statutes.

27 (3) Encountered or otherwise discovered while carrying out any duty or function
28 assigned to the Division by law.

29 (4) Occurring in an agent's presence.

30 (5) When assisting another law enforcement agency."

31 **SECTION 3.** G.S. 15A-145 reads as rewritten:

32 **"§ 15A-145. Expunction of records for first offenders under the age of 18 at the time of**
33 **conviction of misdemeanor; expunction of certain other misdemeanors.**

34 (a) Whenever any person who has not previously been convicted of any felony, or
35 misdemeanor other than a traffic violation, under the laws of the United States, the laws of this
36 State or any other state, (i) pleads guilty to or is guilty of a misdemeanor other than a traffic
37 violation, and the offense was committed before the person attained the age of 18 years, or (ii)
38 pleads guilty to or is guilty of a misdemeanor possession of alcohol pursuant to
39 G.S. 18B-302(b)(1), or the offense of the sale of a hemp-derived consumable product to a person
40 under the age of 21 years pursuant to G.S. 18D-500, and the offense was committed before the
41 person attained the age of 21 years, ~~he-the person~~ may file a petition in the court of the county
42 where ~~he-the person~~ was convicted for expunction of the misdemeanor from ~~his-the person's~~
43 criminal record. The petition cannot be filed earlier than: (i) two years after the date of the
44 conviction, or (ii) the completion of any period of probation, whichever occurs later, and the
45 petition shall contain, but not be limited to, the following:

46 (1) An affidavit by the petitioner that ~~he-the petitioner~~ has been of good behavior
47 for the two-year period since the date of conviction of the misdemeanor in
48 question and has not been convicted of any felony, or misdemeanor other than
49 a traffic violation, under the laws of the United States or the laws of this State
50 or any other state.

- 1 (2) Verified affidavits of two persons who are not related to the petitioner or to
 2 each other by blood or marriage, that they know the character and reputation
 3 of the petitioner in the community in which ~~he~~ the petitioner lives and that ~~his~~
 4 the petitioner's character and reputation are good.
- 5 (3) A statement that the petition is a motion in the cause in the case wherein the
 6 petitioner was convicted.
- 7 (4) Repealed by Session Laws 2010-174, s. 2, effective October 1, 2010, and
 8 applicable to petitions for expunctions filed on or after that date.
- 9 (4a) An application on a form approved by the Administrative Office of the Courts
 10 requesting and authorizing a name-based State and national criminal record
 11 check by the State Bureau of Investigation using any information required by
 12 the Administrative Office of the Courts to identify the individual and a search
 13 of the confidential record of expunctions maintained by the Administrative
 14 Office of the Courts. The application shall be filed with the clerk of superior
 15 court. The clerk of superior court shall forward the application to the State
 16 Bureau of Investigation and to the Administrative Office of the Courts, which
 17 shall conduct the searches and report their findings to the court.
- 18 (5) An affidavit by the petitioner that no restitution orders or civil judgments
 19 representing amounts ordered for restitution entered against ~~him~~ the petitioner
 20 are outstanding.

21 The petition shall be served upon the district attorney of the court wherein the case was tried
 22 resulting in conviction. The district attorney shall have 10 days thereafter in which to file any
 23 objection thereto and shall be duly notified as to the date of the hearing of the petition.

24 The judge to whom the petition is presented is authorized to call upon a probation officer for
 25 any additional investigation or verification of the petitioner's conduct during the two-year period
 26 that ~~he~~ the judge deems desirable.

27 ...

28 (b) If the court, after hearing, finds that the petitioner had remained of good behavior and
 29 been free of conviction of any felony or misdemeanor, other than a traffic violation, for two years
 30 from the date of conviction of the misdemeanor in question, the petitioner has no outstanding
 31 restitution orders or civil judgments representing amounts ordered for restitution entered against
 32 him, and (i) petitioner was not 18 years old at the time of the offense in question, or (ii) petitioner
 33 was not 21 years old at the time of the offense of possession of alcohol pursuant to
 34 G.S. 18B-302(b)(1), or the offense of the sale of a hemp-derived consumable product to a person
 35 under the age of 21 years pursuant to G.S. 18D-500, it shall order that ~~such person~~ the petitioner
 36 be restored, in the contemplation of the law, to the status ~~he~~ the petitioner occupied before such
 37 arrest or indictment or information.

38 (b1) No person as to whom such order has been entered shall be held thereafter under any
 39 provision of any laws to be guilty of perjury or otherwise giving a false statement by reason of
 40 ~~his~~ the person's failure to recite or acknowledge such arrest, or indictment, information, or trial,
 41 or response to any inquiry made of ~~him~~ the person for any purpose. This subsection shall not
 42 apply to a sentencing hearing when the person has been convicted of a subsequent criminal
 43 offense.

44"

45 **SECTION 4.** G.S. 15A-150(a)(6) reads as rewritten:

46 "(6) Persons granted a dismissal upon completion of a conditional discharge under
 47 G.S. 14-50.29, 14-204, 14-277.8, ~~14-313(f)~~, 15A-1341(a4), 18D-505, 90-96,
 48 or 90-113.14."

49 **SECTION 5.** G.S. 18B-203(a) reads as rewritten:

50 **"§ 18B-203. Powers and duties of the Commission.**

51 (a) Powers. – The Commission shall have authority ~~to~~ to do all of the following:

- 1 (1) Administer the ABC ~~laws;~~laws.
- 2 (2) Provide for enforcement of the ABC laws, in conjunction with the ALE
- 3 ~~Division;~~Division.
- 4 (2a) Provide for the enforcement of the hemp-derived consumable product retail
- 5 sales laws as set forth in Chapter 18D of the General Statutes, in conjunction
- 6 with the ALE Division.
- 7 (3) Set the prices of alcoholic beverages sold in local ABC stores as provided in
- 8 Article ~~8;~~8.
- 9 (4) Require reports and audits from local boards as provided in
- 10 ~~G.S. 18B-205;~~G.S. 18B-205.
- 11 (5) Determine what brands of alcoholic beverages may be sold in this ~~State;~~State.
- 12 (6) Contract for State ABC warehousing, as provided in
- 13 ~~G.S. 18B-204;~~G.S. 18B-204.
- 14 (7) Dispose of damaged alcoholic beverages, as provided in
- 15 ~~G.S. 18B-806;~~G.S. 18B-806.
- 16 (8) Remove for cause any member or employee of a local ~~board;~~board.
- 17 (9) Supervise or disapprove purchasing by any local board and inspect all records
- 18 of purchases by local ~~boards;~~boards.
- 19 (10) Approve or disapprove rules adopted by any local ~~board;~~board.
- 20 (11) Approve or disapprove the opening and location of ABC stores, as provided
- 21 in Article ~~8;~~8.
- 22 (12) Issue ABC permits, and impose sanctions against ~~permittees;~~permittees.
- 23 (12a) Issue permits and impose sanctions against permittees as set forth in Chapter
- 24 18D of the General Statutes.
- 25 (13) Provide for the testing of alcoholic beverages, as provided in
- 26 ~~G.S. 18B-206;~~G.S. 18B-206.
- 27 (14) Fix the amount of bailment charges and bailment surcharges to be assessed on
- 28 liquor shipped from a Commission ~~warehouse;~~warehouse.
- 29 (15) Collect bailment charges and bailment surcharges from local ~~boards;~~boards.
- 30 (16) Notwithstanding any law to the contrary, enter into contracts for design and
- 31 construction of a warehouse or warehouses and supervise work and materials
- 32 used in the construction, as provided in ~~G.S. 18B-204;~~G.S. 18B-204.
- 33 ...
- 34 (18) Provide for the distribution and posting of warning signs to local ABC boards
- 35 regarding the dangers of alcohol consumption during pregnancy as required
- 36 under ~~G.S. 18B-808;~~G.S. 18B-808.
- 37"

38 **SECTION 6.** Article 9 of Chapter 18B of the General Statutes is amended by adding
 39 a new section to read:

40 **"§ 18B-908. ABC permits and hemp-derived consumable product sales permits.**

41 (a) Applications for permits under this Chapter may be filed simultaneously or in
 42 conjunction with applications for permits under Chapter 18D of the General Statutes and may be
 43 combined by the Commission in a single application.

44 (b) The Commission may use, rely upon, or incorporate by reference any information an
 45 applicant for a permit under this Chapter has submitted in conjunction with a permit issued
 46 pursuant to Chapter 18D of the General Statutes."

47 **SECTION 7.** Effective March 1, 2026, the ABC Commission may issue permits as
 48 authorized by Section 1 of this act effective for the period of May 1, 2026, through April 30,
 49 2027.

1 **SECTION 8.** Prosecutions for offenses committed before the effective date of this
2 act are not abated or affected by this act, and the statutes that would be applicable but for this act
3 remain applicable to those prosecutions.

4 **SECTION 9.** This act becomes effective upon appropriation by the General
5 Assembly of funds for the implementation of this act. G.S. 18D-100, 18D-101, 18D-104,
6 18D-300 through 18D-302, and 18D-304 through 18D-307, as enacted by Section 1 of this act,
7 apply to permits effective on or after May 1, 2026. The remainder of Sections 1 through 6 of this
8 act applies to offenses committed on or after May 1, 2026.