



NC Spirits Association

Legislative Report
April 7, 2025

This week, the Senate elected Senator Michael Lee (R-New Hanover) as their new Majority Leader after the unexpected retirement last week of former Majority Leader Senator Paul Newton, who left to fill the role of General Counsel at The University of North Carolina at Chapel Hill. Senator Lee is currently in his fifth term in the Senate and is currently a Senate Appropriations Chair.

Bills were furiously being filed this week in the House as the House public bill filing deadline approached on Thursday. On Wednesday, Speaker of the House Destin Hall announced a short reprieve – he extended the public bill filing deadline to Thursday, April 10. The Senate public bill introduction deadline passed last week.

This week the House considered and approved its permanent rules that will govern activities in the House for the 2025-2026 legislative session. The rules were prepared with input from House Democrats. This session, lawmakers in the House will have one minute on the floor to speak on issues of collective concern. Personal points of privilege will now require a new process. “They will be limited from here on out to one minute in a matter of immediate importance that concerns the House collectively,” House Rules Chairman Rep. John Bell (R-Wayne) said Monday. The new process outlined in House Bill 563 and approved by the Rules Committee will mirror how the U.S. Congress operates. Chairman Bell said the change was necessary because notices and personal accolades, where lawmakers are allowed to speak up to 10 minutes, can “drag out the end of session” to over an hour at times. North Carolina representatives who wish to share statements or give an accolade will now need to go through the Clerk’s Office to sign up for a maximum of 10 minutes of speaking time. Video cameras will be used to record statements. For special occasions, the North Carolina House Speaker will grant flexibility for certain topics that come before the floor.

The House and Senate adjourned on Thursday and will reconvene on Monday, April 7, 2025.

BILLS OF INTEREST

House Bill 607, Regulate Hemp Consumable Products, introduces GS Chapter 18D to regulate hemp-derived consumable products, organized into three articles. Article 1 establishes definitions (e.g., hemp, hemp-derived cannabinoid, manufacturer, retail dealer) and outlines offenses and requirements. GS 18D-101 lists seven offenses, including selling hemp-derived consumable products to those under 21 (with age verification required for buyers appearing under 30), distributing samples in public spaces, operating without a license, selling products exceeding 0.3% delta-9 THC (with escalating penalties for repeat offenses), and failing to use proper packaging or provide certificates of analysis for hemp flower. Defenses for underage sales include valid ID or biometric verification, while penalties range from \$500-\$2,000 fines to license suspension or revocation, with forfeiture allowed for high-THC products. GS 18D-101A

prohibits producers from selling processed hemp to unlicensed entities, with similar penalties, and GS 18D-102 bans those under 21 from purchasing or possessing these products, with misdemeanor charges varying by age. GS 18D-103 targets manufacturers and distributors, prohibiting unlicensed operations and high-THC products, offering a recall-based defense, while GS 18D-104 mandates pre-distribution testing and expiration labeling, and GS 18D-105 imposes packaging, advertising, and product-specific restrictions, all enforced with fines up to \$7,500 and potential license actions.

Article 2 focuses on licensing, requiring manufacturers, distributors, and retail dealers to obtain licenses from the Alcohol Law Enforcement (ALE) Division by July 1, 2026, or before starting business, with a single license sufficing for multiple roles. Applicants must be 21, felony-free for 10 years regarding controlled substances, and pay fees ranging from \$250 for small retail dealers to \$15,000 for large manufacturers, with renewals at fixed rates. The ALE Division can revoke licenses for noncompliance or false information, and civil penalty proceedings follow GS Chapter 150B. Fee revenue supports enforcement, and the ALE Division must provide an online application and adopt implementing rules. Article 3 grants the ALE Division enforcement powers, including random inspections and sample testing, with obstruction classified as a misdemeanor and refusal to allow entry risking license suspension. Starting January 1, 2027, annual enforcement reports are required, and GS 18D-301 allows product seizure for forfeiture, with provisions for owners to reclaim uncharged items unless unlawful.

Additional sections make conforming changes to GS 18B-500, expanding ALE jurisdiction, and amend GS 7A-304 to add a \$600 lab testing fee in certain convictions, payable to the enforcing agency. The law applies to products possessed, sold, distributed, or manufactured on or after July 1, 2026, and offenses from that date. Section 2 repeals GS 90-94.1, removing the hemp extract exemption from the NC Controlled Substances Act effective December 1, 2025, aligning hemp regulation under this new framework.

Introduced by Reps. McNeely and Chesser, referred to House Rules.

BILL STATUS UPDATES

House Bill 554, Rev Laws Tech Chngs/BBA Chngs/P2P Tax Parity, was referred to the House Finance Committee.

For more information about legislation described in the legislative reports, feel free to contact us at chorton@maynardnexsen.com, dferrell@maynardnexsen.com, criemer@maynardnexsen.com or at (919) 573-7421. Information is also available on the General Assembly's website: www.ncleg.gov.

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