

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 135

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

Sponsors: Representatives McNeely, Humphrey, Lowery, and K. Hall (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance, if favorable, Health, if favorable, Commerce and Economic Development, if favorable, Agriculture and Environment, if favorable, Rules, Calendar, and Operations of the House

February 18, 2025

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

7 The General Assembly of North Carolina enacts:

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

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

11 **"§ 106-549.15. Definitions.**

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

14 ...
15 (1a) "Agricultural food animal" means a domesticated animal belonging to the
16 bovine, caprine, ovine, or porcine species.

17 ...
18 (5a) "Cell-cultured food product" means a food product having one or more
19 sensory attributes that resemble a type of tissue originating from an
20 agricultural food animal but that, in lieu of being derived from meat
21 processing, is derived from manufacturing cells, in which one or more stem
22 cells are initially isolated from an agricultural food animal, are grown in vitro,
23 and may be manipulated, as part of a manufacturing operation.

24 (5b) "Close proximity" means any of the following:
25 a. Immediately before or after the name of the product.
26 b. In the line of the label immediately before or after the line containing
27 the name of the product.
28 c. Within the same phrase or sentence containing the name of the
29 product.

30 ...
31 (9a) "Identifying meat term" means any word or phrase that states, indicates,
32 suggests, or describes a meat product, regardless of whether the word or



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

m. The product is a cell-cultured product, and it is not labeled in accordance with G.S. 106-549.28A.

...

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

...

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

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

...."

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

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

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

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

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

"§ 106-549.51. Definitions.

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

...

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

(4b) "Close proximity" means any of the following:

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

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

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

...

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

a. A common name for the species of the poultry subject to slaughter and processing, including chicken, poultry, or turkey.

- 1 b. A common name for a characteristic of a species of the poultry subject
- 2 to slaughter and processing based on age, breed, or sex.
- 3 c. Meat, broiler, fryer, poulet, or yearling.
- 4 d. A common name used to describe a major cut of poultry slaughtered
- 5 and processed, including a poultry product such as breast, drumstick,
- 6 giblet, thigh, or wing; or the common name of an organ or offal,
- 7 including gizzard, heart, liver, kidney, or tongue.
- 8 e. Any other common name that a reasonable purchaser would
- 9 immediately and exclusively associate with a poultry product prepared
- 10 for sale in normal commercial channels.
- 11 ...
- 12 (11a) "Insect-protein food product" means a food product having one or more
- 13 sensory attributes that resemble a type of tissue originating from poultry but
- 14 that, in lieu of being derived from meat processing, is derived from
- 15 manufacturing insect parts.
- 16 ...
- 17 (16a) "Manufactured-protein food product" means a cell-cultured food product,
- 18 insect-protein food product, or plant-protein food product.
- 19 (17) "Misbranded" shall apply to any poultry product under one or more of the
- 20 following circumstances:
- 21 a. If its labeling is false or misleading in any particular;
- 22 b. If it is offered for sale under the name of another food;
- 23 c. If it is an imitation of another food, unless its label bears, in type of
- 24 uniform size and prominence, the word "imitation" and immediately
- 25 thereafter, the name of the food imitated;
- 26 ...
- 27 m. If it is a manufactured-protein food product and it is not labeled in
- 28 accordance with G.S. 106-549.55(e).
- 29 ...
- 30 (24a) "Plant-protein food product" means a food product having one or more
- 31 sensory attributes that resemble a type of tissue originating from poultry but
- 32 that, in lieu of being derived from meat processing, is derived from
- 33 manufacturing plant or fungus parts.
- 34 ...
- 35 (26) "Poultry product" means any poultry carcass, or part thereof; or any product
- 36 which is made wholly or in part from any poultry carcass or part thereof, or
- 37 any cell-cultured food product made from cells of poultry, excepting products
- 38 which contain poultry ingredients only in a relatively small proportion or
- 39 historically have not been considered by consumers as products of the poultry
- 40 food industry, and which are exempted by the Board from definition as a
- 41 poultry product under such conditions as the Board may prescribe to assure
- 42 that the poultry ingredients in such products are not adulterated and that such
- 43 products are not represented as poultry products.
- 44 ...
- 45 (28a) "Qualifying term" means a word, compound word, or phrase that would
- 46 clearly disclose to a reasonable purchaser of poultry products that a food
- 47 product is not a poultry product. This includes the following terms:
- 48 "cell-cultured," "fake," "grown in a lab," "insect," "insect-based,"
- 49 "insect-protein," "lab-created," "lab-grown," "meat free," "meatless," "plant,"
- 50 "plant-based," "vegan," "vegetable," "vegetarian," or "veggie."
- 51 "

1 **SECTION 1.(d)** G.S. 106-549.55 reads as rewritten:
2 "**§ 106-549.55. Labeling standards; false and misleading ~~labels~~labels; labeling of**
3 **manufactured-protein food products.**

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

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

11
12 **PROHIBIT COMMUNITY COLLEGES, PUBLIC UNIVERSITIES, AND PUBLIC**
13 **SCHOOLS FROM PURCHASING MISBRANDED PRODUCTS AND**
14 **CELL-CULTURED PRODUCTS**

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

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

- 19 a. Misbranded as a meat or poultry product as prohibited in Articles 49B
20 and 49D of Chapter 106 of the General Statutes.
21 b. A cell-cultured food product as defined in G.S. 106-549.15 or
22 G.S. 106-549.51."

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

25 "**§ 115C-264.6. Purchases of meat and poultry products.**

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

- 28 (1) Misbranded as a meat or poultry product as prohibited in Articles 49B and
29 49D of Chapter 106 of the General Statutes.
30 (2) A cell-cultured food product as defined in G.S. 106-549.15 or
31 G.S. 106-549.51."

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

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

- 35 (1) Misbranded as a meat or poultry product as prohibited in Articles 49B and
36 49D of Chapter 106 of the General Statutes.
37 (2) A cell-cultured food product as defined in G.S. 106-549.15 or
38 G.S. 106-549.51."

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

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

- 42 a. Misbranded as a meat or poultry product as prohibited in Articles 49B
43 and 49D of Chapter 106 of the General Statutes.
44 b. A cell-cultured food product as defined in G.S. 106-549.15 or
45 G.S. 106-549.51."

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

- 47 "c. Food services. – The laboratory school shall strive to ensure that one
48 hundred percent (100%) muscadine grape juice is made available to
49 students as a part of the school's nutrition program or through the
50 operation of the school's vending facilities. The laboratory school shall
51 establish policies to prevent the purchase of a food product that is (i)

1 misbranded as a meat or poultry product as prohibited in Articles 49B
2 and 49D of Chapter 106 of the General Statutes or (ii) cell-cultured
3 food product as defined in G.S. 106-549.15 or G.S. 106-549.51. Upon
4 request, the local school administrative unit in which the laboratory
5 school is located shall administer the National School Lunch Program
6 for the laboratory school in accordance with G.S. 115C-264."

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

8 **"§ 115D-20. Powers and duties of trustees.**

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

13 ...

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

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

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

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

22 **"§ 116-43.26. Purchases of meat and poultry products.**

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

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

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

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

32
33 **ESTABLISH AN ENVIRONMENTAL INVESTMENT ASSESSMENT ON CERTAIN**
34 **MEAT, POULTRY, EGG, AND DAIRY PRODUCTS AND ANALOGOUS PRODUCTS**

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

37 "Article 5K.

38 "Animal Agriculture and Analogues Environmental Investment Assessment.

39 **"§ 105-187.100. Definitions.**

40 The following definitions apply in this Article:

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

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

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

- 1 b. An "identifying term" shall not include a product name that is
2 understood by consumers not to be a term for an animal agriculture
3 product or an analogue product.
- 4 (13) Label. – A display of written, printed, or graphic matter placed upon any
5 container storing a food product that is offered for sale or sold at retail,
6 regardless of whether the written, printed, or graphic matter is printed on the
7 container's packaging or a sticker affixed to the container. This does not
8 include a nutrition facts panel or ingredients list required by the United States
9 Food and Drug Administration.
- 10 (14) Meat. – As defined in 9 C.F.R. § 301.2.
- 11 (15) Meat food product. – Any product capable of use as human food that is made
12 wholly or in part from any meat or other portion of the carcass of any cattle,
13 sheep, swine, goat, bison, fallow deer, or red deer. For purposes of this section,
14 the following are considered meat food products:
- 15 a. Primal and subprimal cuts of meat.
16 b. Ground meat.
17 c. Sliced deli meat.
18 d. Sausage.
19 e. Bacon.
20 f. Ham.
21 g. Jerky.
22 h. Corned beef.
23 i. Smoked parts.
24 j. Rendered fats.
25 k. Edible offal.
- 26 (16) Milk. – The lacteal secretion practically free from colostrum obtained by the
27 milking of one or more cows, goats, or other lactating animals.
- 28 (17) Poultry. – As defined in 21 U.S.C. § 453(e).
- 29 (18) Poultry product. – As defined in 21 U.S.C. § 453(f). For purposes of this
30 section, the following are considered poultry products:
- 31 a. Whole poultry.
32 b. Primal cuts of poultry.
33 c. Ground poultry.
34 d. Sliced deli poultry.
35 e. Sausage.
36 f. Bacon.
37 g. Jerky.
38 h. Smoked parts.
39 i. Rendered fats.
40 j. Edible offal.
- 41 (19) Prepared food. – As defined in G.S. 105-164.4L.
- 42 (20) Protein group. – The type of protein from which an animal agriculture product
43 was derived or which an analogue product approximates or is intended to
44 approximate. A meat food product or poultry product shall be classified based
45 on the animal from which the meat was derived, and an analogue to a meat
46 food product or poultry product shall be classified based on the specific animal
47 protein approximated or intended to be approximated.
- 48 (21) Trade associations. – All of the following organizations:
- 49 a. North Carolina Cattleman's Association.
50 b. North Carolina Dairy Producers Association.
51 c. North Carolina Deer and Elk Farmers Association.

- d. North Carolina Egg Association.
- e. North Carolina Pork Council.
- f. North Carolina Poultry Federation.
- g. North Carolina Sheep Producers Association.

"§ 105-187.101. Environmental investment assessment imposed.

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

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

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

- (1) Vending machine sales.
- (2) Where a retailer displays a statement indicating the sales price includes the tax.

"§ 105-187.102. Administration.

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

"§ 105-187.103. Exemptions and refunds.

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

- (1) Sales the State cannot constitutionally tax.
- (2) Products of a farm sold in their original state by the producer of the products if the producer is not primarily a retail merchant.
- (3) Prepared food.
- (4) Products containing ingredients from more than one protein group.
- (5) Meat food products or poultry products with a nonmeat or nonpoultry component other than seasoning, brine solution, or vinegar, or analogue products to such meat food products or poultry products.

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

"§ 105-187.104. Use of EIA proceeds.

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

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

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

17 **SECTION 3.(b)** This section becomes effective October 1, 2025, and applies to
18 products sold on or after that date.
19

20 **SEVERABILITY CLAUSE AND EFFECTIVE DATE**

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

24 **SECTION 4.(b)** Except as otherwise provided, this act becomes effective October
25 1, 2025.