

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 468
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10216-CEf-5

Short Title: Regulate Kratom Products. (Public)

Sponsors: Representative McNeely.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO REGULATE THE SALE AND DISTRIBUTION OF KRATOM PRODUCTS.
The General Assembly of North Carolina enacts:

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

"Chapter 18E.

"Regulation of Kratom Products.

"Article 1.

"Regulation of Kratom Products.

"§ 18E-100. Definitions.

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

- (1) ALE Division. – The Alcohol Law Enforcement Division of the Department of Public Safety.
- (2) Batch. – The kratom product produced during a period of time under similar conditions and identified by a specific code that allows traceability.
- (3) Distributor. – A person or entity that delivers or sells kratom products for the purpose of distribution in commerce.
- (4) Exit package. – An opaque bag or other similar opaque covering provided at the point of sale that satisfies the child-resistant effectiveness standards under 16 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirements of 16 C.F.R. § 1700.20 in which kratom products are placed by a seller after being sold to the ultimate consumer of the product.
- (5) Independent testing laboratory. – A laboratory that meets all of the following conditions:
 - a. Holds an ISO 17025 accreditation or is registered with the Drug Enforcement Administration (DEA) in accordance with 21 C.F.R. § 1301.13.
 - b. Does not have a direct or indirect interest in the entity whose product is being tested.
 - c. Does not have a direct or indirect interest in a facility that cultivates, processes, distributes, dispenses, or sells kratom products in this State or any other jurisdiction.
 - d. Has entered into a compliance agreement with the ALE Division to conduct kratom product testing.
- (6) Ingestion. – The process of consuming kratom through the mouth, by swallowing into the gastrointestinal system or through tissue absorption.



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- (7) Inhalation. – The process of consuming kratom into the respiratory system through the mouth or nasal passages.
- (8) Kratom product. – Any consumer commodity containing any quantity of mitragynine or 7-hydroxymitragynine or both, extracted from the leaf of the plant *Mitragyna speciosa*. This definition includes a synthesized kratom product.
- (9) License. – A license issued in accordance with this Chapter.
- (10) Licensee. – A person who has been issued a license in accordance with this Chapter.
- (11) Manufacture. – To compound, blend, extract, infuse, cook, or otherwise manipulate kratom to make, prepare, or package kratom products.
- (12) Manufacturer. – Any person or entity that engages in the process of manufacturing, preparing, or packaging of kratom products.
- (13) Producer. – Any person or entity that engages in the process of farming and harvesting kratom that is intended to be used in the manufacture of a kratom product.
- (14) Retail dealer. – Any person who sells a kratom product to the ultimate consumer of the product, including a remote seller.
- (15) Serving. – A quantity of a kratom product reasonably suitable for a person's use in a single day.
- (16) Synthesized kratom product. – An alkaloid, metabolite, or alkaloid derivative that has been created by chemical synthesis or biosynthetic means, including, but not limited to, fermentation, recombinant techniques, yeast derived, enzymatic techniques, rather than traditional food preparation techniques, such as heating or extracting, that synthetically alters the composition of any kratom alkaloid or constituent.

"§ 18E-101. Sales restrictions on kratom products.

(a) Restriction. – No person shall do any of the following:

- (1) Knowingly, or having reason to know, sell a kratom product to a person who is under 21 years of age. Any retail dealer of kratom products shall demand proof of age from a prospective purchaser of kratom products before the kratom products are released to the purchaser if the retail dealer has reasonable grounds to believe that the prospective purchaser is under 30 years of age. Any retail dealer that sells a kratom product on an internet website shall verify the age of any prospective purchaser and shall use a method of delivery that requires the signature of a person at least 21 years of age before the kratom product is released.
- (2) Knowingly, or having reason to know, distribute samples of kratom products in or on a public street, sidewalk, park, or public building.
- (3) Engage in the business of selling a kratom product without a valid license issued in accordance with this Chapter.
- (4) Knowingly, or having reason to know, sell at retail a kratom product that violates the provisions of G.S. 18E-104.
- (5) Knowingly, or having reason to know, sell a kratom product that is not contained in an exit package or a child proof package.
- (6) Knowingly, or having reason to know, sell at retail or on an internet website offering delivery in this State, a kratom product that is not in compliance with G.S. 18E-105.

(b) Civil Penalties. – For any violation of this section, the ALE Division may take any of the following actions against a retail dealer:

- (1) For the first violation, the ALE Division may impose a civil penalty of no more than five hundred dollars (\$500.00).
- (2) For the second violation within three years, the ALE Division may impose a civil penalty of no more than seven hundred fifty dollars (\$750.00).
- (3) For the third violation within three years of the first violation, the ALE Division shall impose a civil penalty of no more than one thousand dollars (\$1,000) and suspend the retail dealer's license for one year.
- (4) For a fourth or subsequent violation within three years of the first violation, the ALE Division shall impose a civil penalty of no more than two thousand dollars (\$2,000) and revoke the retail dealer's license.
- (c) Compromise. – In any case in which the ALE Division is entitled to suspend or revoke a retail dealer's license, the ALE Division may accept from the retail dealer an offer in compromise to pay a penalty of not more than three thousand dollars (\$3,000). The ALE Division may either accept a compromise or revoke a license, but not both. The ALE Division may accept a compromise and suspend the license in the same case.
- (d) Testing Fee. – In any case in which the ALE Division imposes a penalty pursuant to subsection (b) of this section, for a violation of subdivision (4) of subsection (a) of this section, the retail dealer shall also pay to the ALE Division the actual costs paid by the ALE Division for testing of the samples resulting in the violation. Any fee collected pursuant to this subsection shall be remitted to the ALE Division.
- (e) Defenses. – It is a defense to a violation of subdivision (1) of subsection (a) of this section if the retail dealer does any of the following:
- (1) Shows that the purchaser produced a drivers license, a special identification card issued under G.S. 20-37.7 or issued by the state agency of any other state authorized to issue similar official state special identification cards for that state, a tribal enrollment card issued by a State or federally recognized Indian Tribe, a military identification card, or a passport showing the purchaser's age to be at least the required age for purchase and bearing a physical description of the person named on the card reasonably describing the purchaser.
- (2) Produces evidence of other facts that reasonably indicated at the time of sale that the purchaser was at least the required age.
- (3) Shows that at the time of purchase, the purchaser utilized a biometric identification system that demonstrated (i) the purchaser's age to be at least the required age for the purchase and (ii) the purchaser had previously registered with the retail dealer or retail dealer's agent a drivers license, a special identification card issued under G.S. 20-37.7 or issued by the state agency of any other state authorized to issue similar official state special identification cards for that state, a military identification card, or a passport showing the purchaser's date of birth and bearing a physical description of the person named on the document.
- (f) Proceeds of Civil Penalty. – The clear proceeds of any civil penalty imposed under this section, including any penalty received as an offer in compromise, shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- (g) Forfeiture. – Any product sold in violation of subdivision (4) of subsection (a) of this section shall be subject to forfeiture pursuant to the procedures set forth in G.S. 18E-401.
- (h) Criminal Penalty. – Any person against whom a civil penalty has been imposed for violation of subdivision (3) of subsection (a) of this section who commits a second violation of subdivision (3) of subsection (a) of this section is guilty of a Class A1 misdemeanor. Any person who commits a third or subsequent violation of subdivision (3) of subsection (a) of this section is guilty of a Class H felony.

"§ 18E-101A. Sales and transfer restrictions on a producer.

1 (a) Restriction. – A producer shall not knowingly sell or in any way transfer kratom that
2 has been processed or prepared with the intent to be used in a kratom product to any person or
3 entity other than a manufacturer licensed pursuant to this Chapter.

4 (b) Civil Penalties. – Violation of this section shall have the following penalties:

5 (1) For the first violation, the ALE Division may impose a civil penalty of no
6 more than five hundred dollars (\$500.00).

7 (2) For the second violation within three years, the ALE Division may impose a
8 civil penalty of no more than seven hundred fifty dollars (\$750.00).

9 (3) For the third violation within three years of the first violation, the ALE
10 Division shall impose a civil penalty of no more than one thousand dollars
11 (\$1,000).

12 (4) For a fourth or subsequent violation within three years of the first violation,
13 the ALE Division shall impose a civil penalty of no more than two thousand
14 dollars (\$2,000).

15 (c) Proceeds of Civil Penalty. – The clear proceeds of any civil penalty imposed under
16 this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with
17 G.S. 115C-457.2.

18 (d) Criminal Penalty. – Any person against whom a civil penalty has been imposed for
19 violation of this section who commits a second violation of this section is guilty of a Class A1
20 misdemeanor. Any person who commits a third or subsequent violation of this section is guilty
21 of a Class H felony.

22 (e) Applicability of this Section. – Nothing in this section shall be construed as
23 prohibiting a producer from selling or transferring kratom that is intended to be used in any lawful
24 product other than those regulated by this Chapter.

25 **"§ 18E-102. Offenses involving the purchase, attempted purchase, or possession of kratom**
26 **products by a person under 21 years of age.**

27 (a) It is unlawful for any person to give a kratom product to anyone less than 21 years
28 old without the consent of the underaged person's parent or legal guardian.

29 (b) It is unlawful for a person less than 21 years old to purchase or attempt to purchase a
30 kratom product.

31 (c) It is unlawful for any person to enter or attempt to enter a place where kratom products
32 are sold or consumed, or to obtain or attempt to obtain kratom products, or to obtain or attempt
33 to obtain permission to purchase kratom products, in violation of subsection (b) of this section,
34 by using or attempting to use any of the following:

35 (1) A fraudulent or altered drivers license.

36 (2) A fraudulent or altered identification document other than a drivers license.

37 (3) A drivers license issued to another person.

38 (4) An identification document other than a drivers license issued to another
39 person.

40 (5) Any other form or means of identification that indicates or symbolizes that the
41 person is not prohibited from purchasing or possessing a kratom product under
42 this section.

43 (d) It is unlawful for any person to permit the use of the person's drivers license or any
44 other form of identification of any kind issued or given to the person by any other person who
45 violates or attempts to violate subsection (b) of this section.

46 (e) Penalties. –

47 (1) Any person less than 21 years old who violates this section is guilty of a Class
48 2 misdemeanor.

49 (2) Any person at least 21 years old who violates this section is guilty of a Class
50 1 misdemeanor.

(3) Aiding or abetting a violation of this section shall be punished as provided in subdivisions (1) and (2) of this subsection, and all other provisions of this section shall apply to that offense.

(f) Nothing in this section prohibits an underage person from selling, transporting, or possessing kratom products in the course of employment, if the employment of the person for that purpose is lawful under applicable youth employment statutes.

"§ 18E-103. Offenses involving the manufacture and distribution of kratom products.

(a) Offenses. – It is unlawful for a manufacturer or distributor to do any of the following:

(1) Knowingly, or having reason to know, distribute samples of a kratom product in or on a public street, sidewalk, park, or public building.

(2) Engage in the business of manufacturing or distributing a kratom product without a valid license issued in accordance with this Chapter.

(3) Knowingly, or having reason to know, manufacture or distribute a kratom product that violates the provisions of G.S. 18E-104.

(b) Criminal Penalties. – A violation of this section is a Class A1 misdemeanor.

(c) Civil Penalties. – In addition to any criminal punishment authorized by this section, for any violation of this section the ALE Division shall take one or more of the following actions against the licensee:

(1) Suspend the licensee's license for a specified period of time not longer than three years.

(2) Revoke the licensee's license.

(3) Impose conditions on the operating hours of the licensee's business.

(4) Impose civil penalties as follows:

a. For a first violation, impose a civil penalty of no more than one thousand dollars (\$1,000).

b. For a second violation within three years, impose a civil penalty of no more than five thousand dollars (\$5,000).

c. For a third violation within three years of the first violation, impose a civil penalty of no more than seven thousand five hundred dollars (\$7,500).

(d) Compromise. – In any case in which the ALE Division is entitled to suspend or revoke a manufacturer's or distributor's license, the ALE Division may accept from the manufacturer or distributor an offer in compromise to pay a penalty of not more than eight thousand dollars (\$8,000). The ALE Division may either accept a compromise or revoke a license, but not both. The ALE Division may accept a compromise and suspend the license in the same case.

(e) Testing Fee. – In any case in which the ALE Division imposes a penalty pursuant to subsection (c) of this section, for a violation of subdivision (3) of subsection (a) of this section, the manufacturer or distributor shall also pay to the ALE Division the actual costs paid by the ALE Division for testing of the samples resulting in the violation. Any fee collected pursuant to this subsection shall be remitted to the ALE Division.

(f) Proceeds of Civil Penalty. – The clear proceeds of any civil penalty imposed under this section, including any penalty received as an offer in compromise, shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(g) Forfeiture. – Any product sold in violation of subdivision (3) of subsection (a) of this section shall be subject to forfeiture pursuant to the procedures set forth in G.S. 18E-301.

"§ 18E-104. Testing prior to distribution.

(a) Requirement. – The manufacturer shall have a kratom product tested prior to distribution to a distributor or before distributing the product to a retail dealer. If the kratom product is packaged in a manner that may be sold to the ultimate consumer of the product when delivered to the distributor and the distributor does not open such package, the distributor is not required to test the kratom product. If the kratom product is not packaged in a manner that may

be sold to the ultimate consumer of the product when delivered to the distributor or the distributor does open such package, the distributor shall have the kratom product tested prior to distribution. The testing shall determine the presence and amounts of any of the substances listed in subsection (b) of this section. No product that contains more than the maximum amount indicated for any substance in subsection (b) of this section shall be distributed or sold in this State.

(b) Substances Tested; Limitations. – A kratom manufacturer, distributor, or retail dealer shall not prepare, manufacture, distribute, or offer for sale any of the following:

(1) A kratom product that is adulterated with a dangerous non-kratom substance. A kratom product is adulterated with a dangerous non-kratom substance if the kratom product is mixed or packed with a non-kratom substance and that substance affects the quality or strength of the kratom product to such a degree as to render the kratom product injurious to a consumer.

(2) A kratom product that is contaminated with a dangerous non-kratom substance. A kratom product is contaminated with a dangerous non-kratom substance if the kratom product contains a poisonous or otherwise deleterious non-kratom ingredient, including any controlled substance regulated by Article 5 of Chapter 90 of the General Statutes.

(3) A kratom extract that contains levels of residual solvents higher than is allowed in the U.S. Pharmacopeia 467.

(4) A kratom product containing a level of 7-hydroxymitragynine in the alkaloid fraction that is greater than two percent (2%) or 0.4 mg on a dry matter basis of the overall alkaloid composition of the product.

(5) A kratom product containing any synthetic alkaloids, including synthetic mitragynine, synthetic 7-hydroxymitragynine, or any other synthetically derived compounds of the kratom plant.

(6) A kratom product that does not provide adequate labeling directions necessary for safe use by consumers, including a recommended serving size, the recommended number of servings per day, and the number of servings in the package that is sold.

(7) A kratom product in any form that is combustible, intended to be used for vaporization, or injectable.

(8) A synthesized kratom product.

(c) Laboratory Qualifications. – A manufacturer or distributor shall contract with an independent testing laboratory to provide the testing required under subsection (a) of this section.

(d) Testing Method. – A laboratory providing testing required under subsection (a) of this section shall use high-performance liquid chromatography for any separation and measurement required in the testing.

(e) Batch Testing. – A sample of each batch manufactured shall undergo the testing required by subsection (a) of this section and shall obtain a certificate of analysis by an independent testing laboratory. The size of sample required to be tested shall be determined by the size of the batch as follows:

(1) For a batch containing 1 to 999 units, the required sample size is 1 unit.

(2) For a batch containing 1,000 to 4,999 units, the required sample size is 2 units.

(3) For a batch containing 5,000 to 9,999 units, the required sample size is 3 units.

(4) For a batch containing 10,000 or more units, the required sample size is 5 units.

(f) Expiration Date. – A kratom product shall have an expiration date on the label that conforms with applicable federal law.

(g) Civil Penalties. – A violation of this section shall result in the ALE Division taking one or more of the following actions against the licensee:

- (1) Suspend the licensee's license for a specified period of time not longer than three years.
- (2) Revoke the licensee's license.
- (3) Impose conditions on the operating hours of the licensee's business.
- (4) Impose civil penalties as follows:

 - a. For a first violation, impose a civil penalty of no more than one thousand dollars (\$1,000).
 - b. For a second violation within three years, impose a civil penalty of no more than five thousand dollars (\$5,000).
 - c. For a third violation within three years of the first violation, impose a civil penalty of no more than seven thousand five hundred dollars (\$7,500).
- (h) Compromise. – In any case in which the ALE Division is entitled to suspend or revoke a manufacturer's or distributor's license, the ALE Division may accept from the manufacturer or distributor an offer in compromise to pay a penalty of not more than eight thousand dollars (\$8,000). The ALE Division may either accept a compromise or revoke a license, but not both. The ALE Division may accept a compromise and suspend the license in the same case.
- (i) Proceeds of Civil Penalty. – The clear proceeds of any civil penalty imposed under this section, including any penalty received as an offer in compromise, shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- (j) ALE Division Duties. – The ALE Division shall do all of the following:

 - (1) Maintain and post on its website a list of testing laboratories that meet the independent testing laboratory standard to test intermediate manufactured material and finished kratom products.
 - (2) Develop an application and process to determine qualifying laboratories to be listed on the ALE Division's website. The application shall require a potentially qualifying laboratory to submit a sample certificate of analysis issued by the applying laboratory indicating that the laboratory is capable of detecting the chemicals provided in subsection (b) of this section.
- "§ 18E-105. Additional requirements for manufacturers and distributors.**
- (a) Registration of Products. – All manufacturers and distributors shall register with the ALE Division all kratom products offered for sale in this State by the manufacturer or distributor. The registration shall include any information that the ALE Division deems necessary to ensure compliance with the provisions of this Chapter.
- (b) Adverse Event Reports. – A manufacturer or distributor, upon receipt of any adverse event report related to a product manufactured or distributed by that manufacturer or distributor, shall submit a copy of the adverse event report, as required under 21 U.S.C. § 379aa-1, to the ALE Division within 30 days. If the manufacturer or distributor does not submit a copy of the adverse event report within the time allotted, the registration for that product shall be revoked and the license for that manufacturer or distributor shall be suspended or revoked, at the discretion of the ALE Division.
- (c) Packaging Requirements. – A kratom product that is sold in this State shall meet both of the following requirements:

 - (1) The product shall satisfy the child-resistant effectiveness standards under 16 C.F.R. § 1700.15(b)(1) when tested in accordance with the requirements of 16 C.F.R. § 1700.20.
 - (2) The product shall be labeled with consumer protection warnings in the form of statements that cover all of the following:

 - a. A list of ingredients and possible allergens and a nutritional fact panel or a quick response code that can be scanned that directs consumers to

a website containing the list of ingredients and possible allergens and a nutritional fact panel.

b. A statement that use while pregnant or breastfeeding may be harmful.

c. A statement that consumption of certain kratom products may impair your ability to drive and operate heavy machinery.

d. A statement that the product is not approved by the United States Food and Drug Administration.

e. A statement to keep out of reach of children.

f. A statement to consult your physician before use.

g. The net weight of the product.

h. An expiration date in accordance with applicable federal law.

i. A listing of kratom alkaloids and other ingredients in the product.

j. The recommended serving size.

(d) Advertising Restrictions. – A manufacturer, distributor, or retail dealer of a kratom product shall not advertise, market, or offer for sale the product by using, in the labeling or design of the product or product packaging or in advertising or marketing materials for the product trade dress, trademarks, branding, or other related materials, any imagery or scenery that depicts or signifies characters or symbols known to appeal primarily to persons under 21 years of age, including, but not limited to, superheroes, comic book characters, video game characters, television show characters, movie characters, mythical creatures, unicorns, animals, cartoon characters, or any imitation of the packaging or labeling of candy, cereals, sweets, chips, or other food products typically marketed to persons under 21 years of age.

"§ 18E-105.1. Conduct on licensed premises.

(a) Certain Conduct. – It shall be unlawful for a licensee or the licensee's agent or employee to knowingly allow any of the following kinds of conduct to occur on the licensed premises:

(1) Any violation of this Chapter.

(2) Any violation of the controlled substances, gambling, or any other unlawful acts.

(b) Supervision. – It shall be unlawful for a licensee to fail to superintend in person or through a manager the business for which a license is issued.

"§ 18E-105.2. Safe harbor protection for goods not sold in State.

(a) This Chapter shall not apply to the following:

(1) A safe harbor kratom product.

(2) A safe harbor manufacturer or storage facility.

(b) For the purposes of this section, a "Safe Harbor Kratom Product" means kratom, whether a finished product or in the process of being produced, that is permitted to be manufactured for distribution, produced for distribution, packaged for distribution, processed for distribution, prepared for distribution, treated for distribution, transported for distribution, or held for distribution in North Carolina for export from North Carolina but that is not permitted to be sold or distributed in North Carolina.

(c) For the purposes of this section, a "Safe Harbor Manufacturer or Storage Facility" means a facility that manufactures for distribution, produces for distribution, packages for distribution, processes for distribution, prepares for distribution, treats for distribution, transports for distribution, or holds for distribution a Safe Harbor Kratom Product.

"§ 18E-106. Construction of Chapter.

Nothing in this Chapter shall be construed to do any of the following:

(1) Permit a person to undertake any task under the influence of a kratom product when doing so would constitute negligence or professional malpractice.

- (2) Permit a person to operate, navigate, or be in actual physical control of a motor vehicle, aircraft, motorized watercraft, or any other vehicle while under the influence of a kratom product.
- (3) Require an employer to accommodate the use of a kratom product in a workplace or an employee working while under the influence of a kratom product.
- (4) Require an individual or establishment in lawful possession of property to admit a guest, client, customer, or other visitor who is impaired as a result of the person's use of a kratom product.
- (5) Exempt a person from prosecution for a criminal offense related to impairment or intoxication resulting from the use of a kratom product or relieve a person from any requirement under law to submit to a breath, blood, urine, or other test to detect the presence of a controlled substance.
- (6) Limit the ability of an employer to establish, continue, or enforce a drug-free workplace program or policy.
- (7) Create a cause of action against an employer for wrongful discharge or discrimination.
- (8) Allow the possession, sale, manufacture, or distribution of any substance that is otherwise prohibited by Article 5 of Chapter 90 of the General Statutes.

"Article 2.

"Licensing.

"§ 18E-200. Definitions.

The definitions contained in Article 1 of this Chapter apply to this Article as appropriate.

"§ 18E-201. Licensing requirements; qualifications; duration.

(a) Requirement. – Prior to the commencement of business or by July 1, 2026, whichever is later, a person or entity engaged in this State in any business regulated by this Chapter and listed in this subsection shall obtain a license to engage in that business from the ALE Division. Businesses engaging in one or more of the following are required to obtain a license pursuant to this section:

- (1) Manufacturing kratom products.
- (2) Distributing kratom products.
- (3) Selling kratom products.

(b) Qualifications. – In order to obtain and maintain a license under subsection (a) of this section, a person shall meet all of the following criteria:

- (1) Be at least 21 years old.
- (2) Submit to the ALE Division any information determined by the ALE Division to be necessary for the efficient enforcement of this Chapter.
- (3) Have not been convicted of a felony relating to a controlled substance within 10 years in any state or federal jurisdiction.
- (4) Consent to reasonable inspection by the ALE Division of the inventory of products regulated by this Chapter to ensure compliance with this Chapter and the taking of samples found to not be in compliance with the packaging, labeling, and testing requirements of this section.
- (5) Be current in filing all applicable tax returns to the State and in payment of all taxes, interest, and penalties collectable pursuant to G.S. 105-241.22.

(c) Single License Required. – A person or entity engaged in more than one of the businesses listed in subsection (a) of this section shall only be required to obtain a single license. Upon application for a license, the person or entity engaged in more than one type of business regulated by this Chapter must indicate on the license application all of the businesses listed in subsection (a) of this section in which the business engages or intends to engage. A person or

entity applying for a license for more than one type of business listed in subsection (a) of this section shall pay a single fee as provided in G.S. 18E-202(c).

(d) Duration. – A license issued pursuant to this Article is valid for a period of one year and shall be renewed annually.

"§ 18E-202. Fees.

(a) Application Fee. – The application fee for a license required pursuant to this Article shall be as follows:

(1) For a license to manufacture kratom products, a fee of fifteen thousand dollars (\$15,000). However, if an applicant submits proof that the applicant's gross income for the calendar year prior to application was less than one hundred thousand dollars (\$100,000), the fee shall be one thousand dollars (\$1,000).

(2) For a license to distribute kratom products, a fee of two thousand five hundred dollars (\$2,500). However, if an applicant submits proof that the applicant's gross income for the calendar year prior to application was less than one hundred thousand dollars (\$100,000), the fee shall be seven hundred fifty dollars (\$750.00).

(3) For a license to sell kratom products at a retail location, or online for delivery to a person within this State, a fee of two hundred fifty dollars (\$250.00) for each location or each internet website offering delivery in this State. However, a single entity with more than 25 locations, internet websites offering delivery in this State, or a combination of the two shall not pay more than five thousand dollars (\$5,000) and shall submit a list of all locations and all internet websites offering delivery in this State to the ALE Division.

(b) Renewal Fee. – The renewal fee for a license issued pursuant to this Article shall be as follows:

(1) For a license to manufacture kratom products, a renewal fee of five thousand dollars (\$5,000).

(2) For a license to distribute kratom products, a renewal fee of seven hundred fifty dollars (\$750.00).

(3) For a license to sell kratom products at a retail location or online for delivery to a person within this State, a renewal fee in the same amount as the initial licensing fees established under subsection (a) of this section.

(c) For an application for or renewal of a license to engage in more than one business listed in subsection (a) of G.S. 18E-201, the fee shall be the highest fee of those prescribed for the types of business indicated on the application or renewal, as applied to that applicant or licensee.

"§ 18E-203. ALE Division authority to deny or revoke.

The ALE Division may revoke or refuse to issue any license for any of the following:

(1) Failure to comply with or meet any of the qualifications required by G.S. 18E-201(b).

(2) Submission of false or misleading information in an application for licensure or renewal.

(3) Submission of false or misleading information in any report or information required by this Chapter to be submitted to the ALE Division.

(4) Failure to comply with civil penalties authorized by this Chapter.

"§ 18E-204. Civil penalties; procedure.

Proceedings for the assessment of civil penalties authorized in Article 1 of this Chapter shall be governed by Chapter 150B of the General Statutes. If the person or entity assessed a civil penalty fails to pay the penalty to the ALE Division, the ALE Division may institute an action in the superior court of the county in which the person resides or has their principal place of business

to recover the unpaid amount of the penalty. An action to recover a civil penalty under this Chapter shall not relieve any party from any other penalty prescribed by law.

"§ 18E-205. ALE Division to develop application, adopt rules, remit revenue.

(a) License Application. – The ALE Division shall develop and make available online an application for the license required by this Article.

(b) Rules. – The ALE Division shall have authority to adopt, amend, and repeal rules to carry out the provisions of this Chapter.

(c) Distribution of Revenue. – The revenue collected from fees established under this Chapter shall be remitted to the ALE Division, on a monthly basis, to be used to cover costs incurred by the ALE Division in enforcing the provisions of this Chapter. To the extent the funds described in this subsection are deemed unappropriated, the funds are hereby appropriated for the purpose set forth in this subsection.

"Article 3.

"Enforcement.

"§ 18E-300. ALE Division.

(a) Authority. – The ALE Division shall enforce the provisions of this Chapter in a manner that is reasonable to reduce the extent to which kratom products are sold or distributed to persons under 21 years of age and shall conduct random, unannounced inspections at locations where kratom products are sold or distributed to ensure compliance with the provisions of this Chapter. If, upon reasonable inspection, the ALE Division determines a licensee's inventory may consist of products not in compliance with the packaging, labeling, and testing requirements of this Chapter, the ALE Division is authorized to only take samples of a licensee's inventory of kratom products considered noncompliant to be submitted for testing in order to determine compliance with the provisions of this Chapter. To procure evidence of violations of this Chapter, ALE Division agents shall have authority to investigate the operation of each licensee under this Chapter and each licensed premises for which a license has been issued under this Chapter, to make inspections that include viewing the entire premises, including the examination of records, equipment, and proceeds related to the manufacture or distribution of kratom products. The inspection authorized by this section may be made at any time it reasonably appears that someone is on the premises.

(b) Interference with Inspection. – Refusal by a licensee or by any employee of a licensee to permit ALE Division agents to enter the premises to make an inspection authorized by subsection (a) of this section shall be cause for suspension, revocation, or other action against the licensee. It shall be a Class 2 misdemeanor for any person to resist or obstruct an agent attempting to make a lawful inspection under this section.

(c) Report. – Beginning January 1, 2027, the ALE Division shall submit an annual report to the General Assembly describing in detail the ALE Division's enforcement efforts under this Chapter. The ALE Division shall also make the report required under this subsection available on the ALE Division's website.

"§ 18E-301. Forfeiture of property.

(a) Seizure of Product. – For any kratom product subject to forfeiture, a law enforcement officer is hereby authorized and empowered to seize and take possession of such products.

(b) Custody until Trial. – A law enforcement officer seizing a product subject to forfeiture shall provide for its safe storage until trial.

(c) Disposition after Criminal Trial. – The presiding judge in a criminal proceeding for violation of G.S. 18E-103(a)(3) may take the following actions after resolution of a charge against the owner or possessor of products subject to forfeiture under this section:

- (1) If the owner or possessor of the product is found guilty of a violation of G.S. 18E-103(a)(3), the judge shall order the product forfeited.

(2) If the owner or possessor of the product is found not guilty, or if the charge is dismissed or otherwise resolved in favor of the owner or possessor, the judge shall order the product returned to the owner or possessor.

(3) If the product is also needed as evidence at an administrative hearing, the judge shall provide that the order does not go into effect until the ALE Division determines that the product is no longer needed for the administrative proceeding.

(d) Disposition after Civil Forfeiture Proceeding. – Violations of G.S. 18E-101(a)(4) shall be subject to forfeiture under the procedure set forth in G.S. 75D-5.

(e) Disposition of Forfeited Product. – Notwithstanding G.S. 75D-5(j), a judge ordering forfeiture of property shall order the product destroyed.

(f) Return of Property. – Any owner of products seized for forfeiture may apply to a judge to have the products returned to the owner if no criminal charge has been made or no action for civil forfeiture has been commenced in connection with that product within a reasonable time after seizure. The judge may not order the return of the product if possession by the owner would be unlawful."

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

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

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

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

(2) Encountered or otherwise discovered while investigating or enforcing matters for the North Carolina Alcoholic Beverage Control Commission or the North Carolina Education Lottery Commission or encountered or otherwise discovered while investigating or enforcing the provisions of this Chapter, Chapter 18C of the General Statutes, Chapter 18E of the General Statutes, G.S. 14-313, or Parts 1 and 2 of Article 37 of Chapter 14 of the General Statutes.

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

(4) Occurring in an agent's presence.

(5) When assisting another law enforcement agency."

SECTION 3. G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or costs without providing notice and opportunity to be heard by all government entities directly affected. The court shall provide notice to the government entities directly affected of (i) the date and time of the hearing and (ii) the right to be heard and make an objection to the remission or waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be

made to the government entities affected by first-class mail to the address provided for receipt of court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

...

(15) For the services of any laboratory facility, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the Alcohol Law Enforcement Division of the Department of Public Safety (ALE Division) or agency that paid for the laboratory services. The cost shall be assessed only in cases in which (i) the defendant is convicted of a violation of G.S. 18E-103(a)(3) and (ii) as part of the investigation leading to the defendant's conviction, testing was conducted at a laboratory on products regulated under Chapter 18E of the General Statutes."

SECTION 4. This act becomes effective July 1, 2026, and applies to all kratom products possessed, sold, distributed, or manufactured on or after that date, and to all offenses committed on or after that date.