



HOUSE BILL 468: Regulate Kratom Products.

2025-2026 General Assembly

Committee:	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 24, 2025
Introduced by:	Reps. McNeely, Cotham, Chesser, Campbell	Prepared by:	Robert Ryan
Analysis of:	PCS to Second Edition H468-CSCE-24		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 468 would do the following:*

- *Establish restrictions on the sale or transfer of kratom in the State, and licensing requirements for persons manufacturing, distributing, or selling kratom products in the State.*
 - *For an initial license to manufacture kratom products, a fee of \$15,000, unless the applicant's gross income for the calendar year prior to application was less than \$100,000, then the fee would be \$1,000. The renewal fee for this license would be \$5,000.*
 - *For an initial license to distribute kratom products, a fee of \$2,500 unless the applicant's gross income for the calendar year prior to application was less than \$100,000, then the fee would be \$750. The renewal fee for this license would be \$750.*
 - *For an initial license to sell kratom products at a retail location, or online for delivery to a person within this State, a fee \$250 for each location or each internet website offering delivery in this State, except that a single entity with more than 25 locations, internet websites offering delivery in this State, or a combination of the two would not pay more than \$5,000. The renewal fee for this license is the same as the initial fee.*
- *Prohibit kratom products and hemp-derived consumable products from school property.*
- *Prohibit the possession of hemp-derived consumable products under the age of 21.*

CURRENT LAW AND BILL ANALYSIS:

Section 1

Kratom is a tropical tree native to Southeast Asia whose leaves contain two psychoactive ingredients, mitragynine and 7-hydroxymitragynine. The crushed leaves are generally smoked, brewed with tea, or placed into gel capsules. Consumption produces both stimulant effects (in low doses) and sedative effects (in high doses). [Summarized from information provided by the Drug Enforcement Administration of the U.S. Department of Justice.] Kratom is currently not a controlled substance and is unregulated and legal in North Carolina.

"Kratom product" would be defined as "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."

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G.S. 18E-101 would establish sales restrictions on kratom products and prohibit the following:

- Selling a kratom product to a person under 21.
- Distributing samples of a kratom product in or on a public street, sidewalk, park, or public building.
- Engaging in the business of selling kratom products without a valid license.
- Selling a kratom product that is adulterated or contaminated or otherwise violates the provisions of G.S. 18E-104.
- Selling 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.

Civil penalties would be imposed by the Alcohol Law Enforcement Division (ALE) for violations as follows:

- 1st violation – ALE may impose a penalty up to \$500.
- 2nd violation within 3 years of the 1st violation – ALE may impose a penalty up to \$750.
- 3rd violation within 3 years of the 1st violation – ALE must impose a penalty up to \$1,000 and suspend retail dealer's¹ license for one year.
- 4th or subsequent violation within 3 years of the 1st violation – ALE must impose a penalty up to \$2,000 and revoke the retail dealer's license.

In any case where ALE is authorized to suspend or revoke a license, ALE may accept an offer in compromise of up to \$3,000. If ALE accepts the offer in compromise, it may suspend the license, but not revoke it.

Additionally, in any case in which ALE imposes a penalty for a violation of selling an adulterated or contaminated product, the seller must also pay to ALE the actual costs paid by ALE for testing the product samples resulting in the violation.

In addition, any person who sells a kratom product without a license who has previously received a civil penalty from ALE for selling without a license would be guilty of a Class A1 misdemeanor.² Any person who then commits a third or subsequent violation would be guilty of a Class H felony.³

G.S. 18E-101A would establish sales and transfer restrictions on a producer⁴ of kratom products, specifically a producer would be prohibited from selling or transferring kratom that has been processed or prepared with the intent to be used in a kratom product to any person or entity other than a licensed manufacturer.

Civil penalties would be imposed by ALE for violations as follows:

- 1st violation – ALE may impose a penalty up to \$500.
- 2nd violation within 3 years of the 1st violation – ALE may impose a penalty up to \$750.
- 3rd violation within 3 years of the 1st violation – ALE must impose a penalty up to \$1,000.

¹ Any person who sells a kratom product to the ultimate consumer of the product, including a remote seller.

² Punishable by 1–60 days of community, intermediate, or active punishment, assuming no prior convictions.

³ Punishable by 5–6 months of community, intermediate, or active punishment, assuming no prior convictions.

⁴ 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.

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- 4th or subsequent violation within 3 years of the 1st violation – ALE must impose a penalty up to \$2,000.

Any person who has previously received a civil penalty from ALE for violations of sales and transfer restrictions on a producer would be guilty of a Class A1 misdemeanor. Any person who then commits a third or subsequent violation would be guilty of a Class H felony.

G.S. 18E-102 would create criminal offenses for underage purchasing and use of fake IDs as follows:

- Giving a kratom product to a person under 21 without the consent of the underage person's parent or legal guardian.
- A person under 21 purchasing or attempting to purchase a kratom product.
- Using a fake, fraudulent, or borrowed ID to enter or attempt to enter a place where kratom products are sold or to purchase or attempt to purchase kratom products.
- Allowing an underage person to use the person's ID to purchase or attempt to purchase kratom products.

Violation of these provisions by a person under 21 would be a Class 2 misdemeanor. Violation by a person 21 or older would be a Class 1 misdemeanor. Aiding or abetting a violation would be punished the same as the commission of the offense.

G.S. 18E-103 would create criminal offenses and civil penalties for the following conduct when committed by a manufacturer or distributor:

- Distributing samples of a kratom product in or on a public street, sidewalk, park, or public building.
- Engaging in manufacturing or distributing a kratom product without a valid license.
- Manufacturing or distributing a kratom product that is adulterated or contaminated or otherwise violates the provisions of G.S. 18E-104.

Violation of these provisions would be a Class A1 misdemeanor. In addition to the criminal penalties, ALE must also impose one or more of the following actions against a licensee:

- Suspend the license for up to 3 years.
- Revoke the license.
- Impose conditions on the licensee's operating hours.
- Impose civil penalties as follows:
 - 1st violation – up to \$1,000.
 - 2nd violation within 3 years – up to \$5,000.
 - 3rd violation within 3 years of the 1st violation – up to \$7,500.

In any case where ALE is authorized to suspend or revoke a license, ALE may accept an offer in compromise of up to \$8,000. If ALE accepts the offer in compromise, it may suspend the license, but not revoke it.

Additionally, in any case in which ALE imposes a penalty for a violation of manufacturing or distributing an adulterated or contaminated product, the manufacturer or distributor shall also pay to ALE the actual costs paid by the Division for testing the product samples resulting in the violation.

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G.S. 18E-104 would provide **product limitations** on the kratom products prepared, manufactured, distributed, or offered for sale.

A manufacturer would be required to test 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 must have the kratom product tested prior to distribution. The testing must be conducted to 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.

A kratom product must have an expiration date on the label that conforms with applicable federal law.

The testing would be conducted for the following substances, and the following would be prohibited:

- A kratom product adulterated with a dangerous non-kratom substance.
- A kratom product contaminated with a dangerous non-kratom substance.
- A kratom extract containing levels of residual solvents higher than is allowed in the U.S. Pharmacopeia 467.
- A kratom product containing a level of 7-hydroxymitragynine in the alkaloid fraction that is greater than 1% of the overall alkaloid composition of the product.
- A kratom product containing any synthetic alkaloids.
- A kratom product that does not provide adequate labeling directions necessary for safe use by consumers.
- A kratom product in any form that is combustible, intended to be used for vaporization, or injectable.

Violation of these provisions would require ALE to impose one or more of the following actions against a licensee:

- Suspend the license for up to 3 years.
- Revoke the license.
- Impose conditions on the licensee's operating hours.
- Impose civil penalties as follows:
 - 1st violation – up to \$1,000.
 - 2nd violation within 3 years – up to \$5,000.
 - 3rd violation within 3 years of the 1st violation – up to \$7,500.

In any case where ALE is authorized to suspend or revoke a license, ALE may accept an offer in compromise of up to \$8,000. If ALE accepts the offer in compromise, it may suspend the license, but not revoke it.

G.S. 18E-105 would require manufacturers and distributors to **register all kratom products** offered for sale by the manufacturer or distributor in this State with ALE. Manufacturers and distributors would also

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be required to submit a copy of any **adverse event report** to ALE, as required by federal law. If an adverse event report is not submitted when required, the registration for that product would be revoked and the license for that manufacturer or distributor would be suspended or revoked. In addition, the section would:

- Require that kratom products be labeled with specific consumer protection warnings about ingredients and cautions on use.
- Prohibit advertising designed to appeal to persons under 21 years of age.

G.S. 18BE-105.1 would make it unlawful for a licensee or a licensee's agent to knowingly allow any of the following **conduct to occur on the licensed premises**:

- Any violation of this Chapter.
- Any violation of the controlled substances, gambling, or any other unlawful acts.

It would also be unlawful for a permittee to fail to superintend in person or through a manager the business for which a license is issued.

G.S. 18E-105.2 would provide safe harbor protection for goods not sold in the State.

G.S. 18E-106 would clarify that the regulation of kratom products is not intended to allow the consumption of kratom products in various situations or limit an employer's ability to enforce a drug-free workplace.

G.S. 18E-201 would, prior to the commencement of business or by July 1, 2026, whichever is later, a **person or entity manufacturing, distributing, or selling kratom products in the State to obtain a license** from ALE. In order to obtain and maintain a license, the person must:

- Be at least 21 years old.
- Submit any information to ALE that it may require.
- Have not been convicted of a felony relating to a controlled substance within 10 years in any state or federal jurisdiction.
- Consent to reasonable inspection by ALE of their inventory of regulated products.
- Be current in filing all applicable tax returns to the State and in payment of all taxes, interest, and penalties.

G.S. 18E-202 would establish **initial license and renewal fees for kratom manufacturers, distributors, and sellers as follows**"

- For an initial license to manufacture kratom products, a fee of \$15,000, unless the applicant's gross income for the calendar year prior to application was less than \$100,000, then the fee would be \$1,000. The renewal fee for this license would be \$5,000.
- For an initial license to distribute kratom products, a fee of \$2,500 unless the applicant's gross income for the calendar year prior to application was less than \$100,000, then the fee would be \$750. The renewal fee for this license would be \$750.

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- For an initial license to sell kratom products at a retail location, or online for delivery to a person within this State, a fee \$250 for each location or each internet website offering delivery in this State, except that a single entity with more than 25 locations, internet websites offering delivery in this State, or a combination of the two would not pay more than \$5,000. The renewal fee for this license is the same as the initial fee.

G.S. 18E-203 would establish **grounds for ALE to deny or revoke a license.**

G.S. 18E-204 would **authorize ALE to institute an action** in the superior court to **recover an unpaid amount of the penalty.**

G.S. 18E-205 would require ALE to develop an online application for licenses, authorize **ALE to adopt rules** for kratom regulation and licensure, and provide that the **revenue from fees generated from licensure would be remitted to ALE** to administer and enforce the requirements established under the bill.

G.S. 18E-300 would require **ALE to conduct random, unannounced inspections** at locations where kratom products are sold or distributed to ensure compliance with all requirements previously identified. To procure evidence of violations, ALE agents would have authority to investigate the operation of each licensee and each licensed premises, 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. Refusal by a licensee or by any employee of a licensee to permit ALE agents to enter the premises to make an inspection would be cause for suspension, revocation, or other action against the licensee. It would also be a Class 2 misdemeanor for any person to resist or obstruct an agent attempting to make a lawful inspection.

G.S. 18E-301 would govern seizure, chain of custody, and disposition after criminal trial or civil forfeiture of kratom products subject to forfeiture.

Section 2

Section 2 would modify the statute governing **authority of alcohol law-enforcement agents**, to arrest take other investigatory and enforcement actions for any criminal offense occurring, encountered, or otherwise discovered on the premises of, or elsewhere when the conduct relates to, a location holding a license to manufacturer distribute, or sell kratom.

Section 3

Section 3 would modify a statute governing **costs to be assessed to a defendant upon conviction** or plea of nolo contendere in superior or district court, to include a payment of **\$600 to be remitted to ALE for laboratory services** incurred as a result of certain violations concerning the manufacture or distribution of a kratom product.

Section 4

Local boards of education must adopt, implement, and enforce written policies prohibiting the use of tobacco products by any person in school buildings, school facilities, on school campuses, and in or on any other school property owned or operated by the local school administrative unit (LEA). The policy

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must also prohibit the use of all tobacco products by persons attending a school-sponsored event at a non-school location when in the presence of students or school personnel or in an area where smoking is otherwise prohibited by law.

Section 4.(a) would amend Article 29A of Chapter 115C of the General Statutes by requiring governing bodies of public school units, previously local boards of education, to adopt a written policy prohibiting the use of kratom products and hemp-derived consumable products in school buildings, on grounds, and at school-sponsored events. The prohibition on kratom products and hemp-derived consumable products would be governed the same as the existing prohibitions on tobacco products in school buildings, on grounds, and at school-sponsored events.

The Tobacco Prevention and Control Branch would be directed to work with governing bodies of public school units on policy implementation.

New definitions for *hemp-derived consumable product*, *tobacco product* and *vapor product* would be created.

Hemp-derived consumable product would be as defined in the newly created G.S. 14-313.1.

Tobacco product would be defined as in G.S. 14-313 and include vapor products. G.S. 14-313 defines tobacco as any product that contains tobacco and is intended for human consumption.

Vapor product would be defined as in G.S. 14-313. G.S. 14-313 defines a vapor product as any noncombustible product that employs a mechanical heating element, battery, or electronic circuit regardless of shape or size and that can be used to heat a consumable product. The term includes an electronic cigarette, electronic cigar, electronic cigarillo, and electronic pipe. The term does not include any product regulated by the United States Food and Drug Administration under Chapter V of the federal Food, Drug, and Cosmetic Act.

By including vapor product in the definition of tobacco product, vapor products would be banned under existing law prohibiting tobacco product use in school buildings, on grounds and at school-sponsored events.

Sections 4.(b)-3.(f) would add cross-references to the statutes governing the various types of public schools to clarify that the governing bodies of those schools would also have to adopt policies prohibiting tobacco products, kratom products, and hemp-derived consumable products in accordance with Article 29A of Chapter 115C of the General Statutes.

Section 4.(g) would require the following nonpublic schools to adopt a policy prohibiting the use of tobacco products, kratom products, or hemp-derived consumable products on school grounds in accordance with Article 29A of Chapter 115C of the General Statutes:

- Nonpublic schools enrolling students who receive Opportunity Scholarships.
- Nonpublic schools enrolling students where the schools receive direct disbursement from a student's Personal Education Student Account for Children with Disabilities.

Section 4. would be effective when it becomes law and applies beginning with the 2025 -2026 school year.

Section 5

Section 5 would create a new criminal law prohibiting the possession of hemp-derived consumable products by a person under the age of 21. It would also prohibit selling or giving a hemp-derived consumable product to a person under the age of 21. A violation of this law would be a Class 3 misdemeanor.

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EFFECTIVE DATE: The bill would become effective July 1, 2026, and apply to all kratom products possessed, sold, distributed, or manufactured on or after that date, and to all offenses committed on or after that date.