

H900-ACE-134 [	v.4]	AMENDMENT NO (to be filled in by Principal Clerk)	Page 1 of 10
Amends Title [Y] Second Edition	ES]	Date	,2024
Senator Lee			
moves to amend	the bill on page 1, lines 6-8, by rewr	iting the lines to read:	
	TITUTION OF HIGHER EDUCAT TOBACCO PRODUCTS.";	TION FOR THOSE SCHOO	LS, AND TO
and on page 2, lir	nes 16-27, by rewriting the lines to re	ead:	
"SEC	TION 1.(d) This section is effective	e when it becomes law.	
SECT "§ 14-313. Youtl <del>produ</del>	DBACCO PRODUCTS TION 2.(a) G.S. 14-313 reads as rewn access to tobacco products, alternates, vapor products, and cigarette itions. – The following definitions approach is the second control of the s	native nicotine products, tok wrapping papers.	oacco-derived
(1) (1a)	Alternative nicotine product. – A nicotine, whether natural or synthintended for human consumption ingested, or by other means. This any product regulated by the Unit under Chapter V of the federal Food Consumable product. – Consumable provided in G.S. 105-113.4(1k).	ny noncombustible product netic, but does not contain to whether chewed, absorbed term does not include a vapited States Food and Drug And, Drug, and Cosmetic Act. The product shall have the same for purposes of this section,	obacco and is ed, dissolved, or product, or administration ne meaning as
<del>(1)</del> (1b	<ul> <li>product does not contain any tobac</li> <li>Distribute. – To sell, furnish, giv tobacco product samples or cig consumer.</li> </ul>	e, or provide tobacco produ	_
(1c) (2)	FDA.—Food and Drug Administra Proof of age. — A drivers license includes the bearer's date of birth 18 years of age or older.	or other photographic iden	
(3)	Sample. – A tobacco product distr	ibuted to members of the ger	neral public at



no cost for the purpose of promoting the product.

AMENDMENT NO. \_\_\_\_\_\_

(to be filled in by
Principal Clerk)

H900-ACE-134 [v.4]

37

38 39

40

41

42

43

Page 2 of 10

1	<del>(3a)</del>	Tobacco-derived product. Any noncombustible product derived from
2		tobacco that contains nicotine and is intended for human consumption,
3		whether chewed, absorbed, dissolved, ingested, or by other means. This term
4		does not include a vapor product or any product regulated by the United States
5		Food and Drug Administration under Chapter V of the federal Food, Drug,
6		and Cosmetic Act.
7	<u>(3b)</u>	<u>Secretary</u> . – The Secretary of the Department of Revenue.
8	<u>(3c)</u>	Timely Filed Premarket Tobacco Product Application An application
9		pursuant to 21 U.S.C. § 387j for a vapor product or consumable product
10		containing nicotine derived from tobacco marketed in the United States as of
11		August 8, 2016, that was submitted to the United States Food and Drug
12		Administration on or before September 9, 2020, and accepted for filing.
13	(4)	Tobacco product Any product that contains tobacco and is intended for
14		human consumption. For purposes of this section, the term includes an
15		alternative nicotine product, a tobacco derived product, vapor product,
16		consumable product, or components of a vapor product.
17	(5)	Vapor product Any noncombustible product that employs a mechanical
18		heating element, battery, or electronic circuit regardless of shape or size and
19		that can be used to heat a consumable product a liquid nicotine solution
20		contained in a vapor cartridge. The term includes an electronic cigarette,
21		electronic cigar, electronic cigarillo, and electronic pipe. The term does not
22		include any product regulated by the United States Food and Drug
23		Administration under Chapter V of the federal Food, Drug, and Cosmetic Act.
24		or distribution to persons under the age of 18 years If any person shall
25	distribute, or aid,	assist, or abet any other person in distributing tobacco products or cigarette
26	wrapping papers	to any person under the age of 18 years, or if any person shall purchase tobacco
27		ette wrapping papers on behalf of a person under the age of 18 years, the person
28	shall be guilty of	a Class 2 misdemeanor; provided, however, that it shall not be unlawful to
29		products or cigarette wrapping papers to an employee when required in the
30	*	ne employee's duties. Retail distributors of tobacco products shall prominently
31		oint of sale a sign in letters at least five-eighths of an inch high which states the
32	following:	
33		N.C. LAW STRICTLY PROHIBITS
34		PURCHASE OF TOBACCO PRODUCTS, <u>ALTERNATIVE NICOTINE</u>
35	<u>PROD</u>	<u>UCTS, TOBACCO-DERIVED PRODUCTS, </u> VAPOR PRODUCTS, AND
36		CIGARETTE WRAPPING PAPERS

Failure to post the required sign shall be an infraction punishable by a fine of twenty-five dollars (\$25.00) for the first offense and seventy-five dollars (\$75.00) for each succeeding offense.

BY PERSONS UNDER THE AGE OF 18. PROOF OF AGE REQUIRED.

A person engaged in the sale of tobacco products or cigarette wrapping papers shall demand proof of age from a prospective purchaser if the person has reasonable grounds to believe that the prospective purchaser is under 18 years of age. Failure to demand proof of age as required by

AMENDMENT NO.	
(to be filled in by	
Principal Clerk)	

H900-ACE-134 [v.4]

1

2

3

4

5

6

7

8

9

10

11 12

13

14

15

16

17 18

19

20

21

22

23

24

25

26

27

28 29

30

31

32

33

34

35

36 37

38

39

40

41

42

43

Page 3 of 10

this subsection is a Class 2 misdemeanor if in fact the prospective purchaser is under 18 years of age. Retail distributors of tobacco products or cigarette wrapping papers shall train their sales employees in the requirements of this law. Proof of any of the following shall be a defense to any action brought under this subsection:

- (1) The defendant demanded, was shown, and reasonably relied upon proof of age in the case of a retailer, or any other documentary or written evidence of age in the case of a nonretailer.
- (2) The defendant relied on the electronic system established and operated by the Division of Motor Vehicles pursuant to G.S. 20-37.02.
- (3) The defendant relied on 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 seller or seller's agent a drivers license, a special identification card issued under G.S. 20-37.7, 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 card.
- Distribution of tobacco products. Tobacco products shall not be distributed in (b1) vending machines; provided, however, vending machines distributing tobacco products are permitted (i) in any establishment which is open only to persons 18 years of age and older; or (ii) in any establishment if the vending machine is under the continuous control of the owner or licensee of the premises or an employee thereof and can be operated only upon activation by the owner, licensee, or employee prior to each purchase and the vending machine is not accessible to the public when the establishment is closed. The owner, licensee, or employee shall demand proof of age from a prospective purchaser if the person has reasonable grounds to believe that the prospective purchaser is under 18 years of age. Failure to demand proof of age as required by this subsection is a Class 2 misdemeanor if in fact the prospective purchaser is under 18 years of age. Proof that the defendant demanded, was shown, and reasonably relied upon proof of age shall be a defense to any action brought under this subsection. Vending machines distributing tobacco products in establishments not meeting the above conditions shall be removed prior to December 1, 1997. Vending machines distributing tobacco-derived products, vapor products, or components of vapor products in establishments not meeting the above conditions shall be removed prior to August 1, 2013. Any person distributing tobacco products through vending machines in violation of this subsection shall be guilty of a Class 2 misdemeanor.
- (b2) Internet distribution of tobacco products. A person engaged in the distribution of tobacco products through the Internet or other remote sales methods shall perform an age verification through an independent, third-party age verification service that compares information available from public records to the personal information entered by the individual during the ordering process to establish that the individual ordering the tobacco products is 18 years of age or older.
- (c) Purchase by persons under the age of 18 years. If any person under the age of 18 years purchases or accepts receipt, or attempts to purchase or accept receipt, of tobacco products or cigarette wrapping papers, or presents or offers to any person any purported proof of age which is false, fraudulent, or not actually his or her own, for the purpose of purchasing or receiving any tobacco product or cigarette wrapping papers, the person shall be guilty of a Class 2

AMENDMENT NO	
(to be filled in by	
Principal Clerk)	

H900-ACE-134 [v.4]

Page 4 of 10

misdemeanor; provided, however, that it shall not be unlawful for an employee to purchase or accept receipt of tobacco products or cigarette wrapping papers when required in the performance of the employee's duties.

- Sending or assisting a person [less than] 18 years to purchase or receive tobacco products or cigarette wrapping papers. – If any person shall send a person less than 18 years of age to purchase, acquire, receive, or attempt to purchase, acquire, or receive tobacco products or cigarette wrapping papers, or if any person shall aid or abet a person who is less than 18 years of age in purchasing, acquiring, or receiving or attempting to purchase, acquire, or receive tobacco products or cigarette wrapping papers, the person shall be guilty of a Class 2 misdemeanor; provided, however, persons under the age of 18 may be enlisted by police or local sheriffs' departments to test compliance if the testing is under the direct supervision of that law enforcement department and written parental consent is provided; provided further, that the Department of Health and Human Services shall have the authority, pursuant to a written plan prepared by the Secretary of Health and Human Services, to use persons under 18 years of age in annual, random, unannounced inspections, provided that prior written parental consent is given for the involvement of these persons and that the inspections are conducted for the sole purpose of preparing a scientifically and methodologically valid statistical study of the extent of success the State has achieved in reducing the availability of tobacco products to persons under the age of 18, and preparing any report to the extent required by section 1926 of the federal Public Health Service Act (42 USC § 300x-26).
- (e) Statewide uniformity. It is the intent of the General Assembly to prescribe this uniform system for the regulation of tobacco products and cigarette wrapping papers to ensure the eligibility for and receipt of any federal funds or grants that the State now receives or may receive relating to the provisions of this section. To ensure uniformity, no political subdivisions, boards, or agencies of the State nor any county, city, municipality, municipal corporation, town, township, village, nor any department or agency thereof, may enact ordinances, rules or regulations concerning the sale, distribution, display or promotion of (i) tobacco products or cigarette wrapping papers on or after September 1, 1995, or (ii) alternative nicotine products tobacco derived products or vapor products on or after August 1, 2013-2013, or (iii) alternative nicotine products on or after December 1, 2024. This subsection does not apply to the regulation of vending machines, nor does it prohibit the Secretary of Revenue from adopting rules with respect to the administration of the tobacco products taxes levied under Article 2A of Chapter 105 of the General Statutes.
- (f) Deferred Prosecution or Conditional Discharge. Notwithstanding G.S. 15A-1341(a1) or G.S. 15A-1341(a4), any person charged with a misdemeanor under this section shall be qualified for deferred prosecution or a conditional discharge pursuant to Article 82 of Chapter 15A of the General Statutes provided the defendant has not previously been placed on probation for a violation of this section and so states under oath.
- (g) Certification of vapor products and consumable products. As required by Part 3 of Article 4 of Chapter 143B of the General Statutes, the Secretary of the Department of Revenue shall certify vapor products and consumable products eligible for retail sale in this State and shall list them on a directory.

AMENDMENT NO	
(to be filled in by	
Principal Clerk)	

H900-ACE-134 [v.4]

43

Page 5 of 10

		1 4 5 0 1 10
1	(h) Fines and	d Civil Penalties. – The following penalties shall apply to violations of the
2		sirements for consumable products and vapor products required by Part 3 of
3		oter 143B of the General Statutes.
4	(1)	Retailer, distributor, or wholesaler fines. – A retailer, distributor, or
5	<u>\17</u>	wholesaler who offers for sale a consumable product or vapor product
6		intended for ultimate retail sale in this state that is not included in the directory
7		is subject to a warning with a mandatory reinspection of the retailer within 30
8		days of the violation of Part 3 of Article 4 of Chapter 143B of the General
9		Statutes
10		a. For a second violation of this type within a 12-month period, the fine
11		shall be at least five hundred dollars (\$500) but not more than seven
12		hundred fifty dollars (\$750) and, if licensed, the licensee's license shall
13		be suspended for 30 days.
14		b. For a third or subsequent violation of this type within a 12-month
15		period, the fine shall be at least one thousand dollars (\$1,000) but not
16		more than one thousand five hundred dollars (\$1,500) and, if licensed,
17		the licensee's license shall be revoked.
18		<u>C.</u> Upon a second or subsequent violation of this this type, consumable
19		products or vapor products that are not on the directory as required by
20		G.S. 143B-245.12, and are possessed by a retailer, distributor, or
21		wholesaler, shall be subject to seizure, forfeiture, and destruction. The
22		cost of such seizure, forfeiture, and destruction shall be borne by the
23		person from whom the products are confiscated, except that no
24		products may be seized from a consumer who has made a bona fide
25		purchase of such product. The Secretary may store and dispose of the
26		seized products as appropriate, in accordance with federal, state, and
27		local laws pertaining to storage and disposal of such products.
28	<u>(2)</u>	Manufacturer penalties. – A manufacturer whose consumable products or
29		vapor products are not listed in the directory as required by G.S. 143B-245.12,
30		and who causes the products that are not listed to be sold for retail sale in
31		North Carolina, whether directly or through an importer, distributor,
32		wholesaler, retailer, or similar intermediary or intermediaries, is subject to a
33		civil penalty of ten thousand dollars (\$10,000) for each individual product
34		offered for sale in violation of Part 3 of Article 4 of Chapter 143B of the
35		General Statutes until the offending product is removed from the market or
36		until the offending product is properly listed on the directory. In addition, any
37		manufacturer that falsely represents any information required by a
38		certification form shall be guilty of a misdemeanor for each false
39	-	representation.
40		action to enforce this section, the state shall be entitled to recover costs,
41		ts of investigation, expert witness fees and reasonable attorney fees.
42	(c) A rep	eated violation of the requirements of Part 3 of Article 4 of Chapter 143B of the

General Statutes shall constitute a deceptive trade practice under Chapter 75.

**SECTION 2.(b)** Article 4 of Chapter 143B of the General Statutes is amended by

AMENDMENT NO	
(to be filled in by	
Principal Clerk)	

H900-ACE-134 [v.4]

Page 6 of 10

2	adding a new	Part to read:
3	" <u>Par</u>	rt 3. Certification and Directory of Vapor Products and Consumable Products.
4	" <u>§ 143B-245</u>	.10 Definitions.
5	(a) T	he following definitions apply throughout this Part:
6	(1	
7	(2	
8	(3	· · · · · · · · · · · · · · · · · · ·
9	<u>(4</u>	
10	<u>(5</u>	
11	<u>(6</u>	
12	<u>70</u>	G.S. 14-313(a)(3c).
13	<u>(7</u>	
14	(8	
15		.11 Certification process.
16		ertification. – Beginning March 1, 2025, and annually thereafter, every
17		of vapor products and consumable products sold for retail sale in this state, whether
18		rough a distributor, retailer, or similar intermediary or intermediaries, shall execute
19		on a form prescribed by the Secretary, a certification to the Secretary under penalty
20		the following:
	<u>or perjury, or</u> (1	<del></del>
22	<u>\1</u>	("marketing granted order") for the vapor product or consumable product from
21 22 23 24		the FDA.
23	<u>(2</u>	
25	12	application as defined in G.S. 14-313(a)(3c) for the vapor product or
25 26		consumable product; and the application either remains under review by the
26 27		FDA or has received a denial order that has been and remains stayed by the
28		FDA or court order, rescinded by the FDA, or vacated by a court.
29	<u>(3</u>	<u> </u>
30	<u>(2</u>	of this subsection because the vapor product or consumable product only
31		reflects changes to the name, brand style, or packaging of a vapor product or
32		consumable product.
33	(b) Re	equirements for manufacturers; fees. – In addition to the requirements contained in
33 34		of this section, each manufacturer shall provide to the Secretary the following:
35	<u>subsection (a</u> <u>(1</u>	
36	<u>(1</u>	a copy of (i) the marketing granted order issued by the FDA pursuant to 21
37		U.S.C. Section 387; (ii) a copy of the acceptance letter issued by the FDA
38		pursuant to 21 U.S.C. § 387j for a timely filed premarket tobacco product
39		application; or (iii) a document issued by FDA or by a court confirming that
40 41		the premarket tobacco product application has received a denial order that is not yet in effect; and
41 42	(2	
42 43	<u>(2</u>	the Department of Revenue for processing the certifications and operating the
<del>1</del> 3		the Department of Nevenue for processing the certifications and operating the

AMENDMENT NO	
(to be filled in by	
Principal Clerk)	

H900-ACE-134 [v.4]

38

39

40

41

(4)

Page 7 of 10

	<u>e</u>
1	directory and an annual renewal fee of five hundred dollars (\$500) each year
2	on March 1 to offset the costs associated with maintaining the directory and
3	satisfying the requirements of this section for each consumable product or
4	vapor product to be listed in the directory.
5	(c) <u>Certification.— The certification form shall separately list each brand name, category</u>
6	(e.g., e-liquid, power unit, device, e-liquid cartridge, e-liquid pod, disposable), product name,
7	and flavor for each consumable product or vapor product that is sold in this state.
8	(d) Confidentiality The information submitted by the manufacturer pursuant to
9	subsections (a) and (b) of this section shall be considered confidential commercial or financial
10	information for purposes of G.S. 132-1.2. The manufacturer may redact certain confidential
11	commercial or financial information provided under subsection (a) of this section. The Secretary
12	shall not disclose such information except as required or authorized by law.
13	(e) Notification of material changes to the certification. – Any manufacturer submitting
14	a certification pursuant to subsections (a) and (b) of this section shall notify the Secretary as soon
15	as practicable but not later than 30 days of any material change to the certification, including the
16	issuance or denial of a marketing authorization or other order by the FDA pursuant to 21 U.S.C.
17	§ 387j, or any other order or action by the FDA or any court that affects the ability of the
18	consumable product or vapor product to be introduced or delivered into interstate commerce for
19	commercial distribution in the United States.
20	" <u>§143B-245.12 Public directory.</u>
21	(a) Development and maintenance of directory. – Beginning on May 1, 2025, the
22	Secretary shall develop, maintain, and make publicly available on the Secretary's public website
23	a directory listing all manufacturers of consumable products or vapor products that have provided
24	certifications that comply with G.S. 145B-245.11 (a) and (b) and all product names, brand names,
25	categories (e.g., e-liquid, e-liquid cartridge, e-liquid pod, disposable), and flavors for which
26	certifications have been submitted and approved by the Secretary. The Secretary shall update the
27	directory at least monthly to ensure accuracy. The Secretary shall establish a process to provide
28	licensed retailers, distributors, and wholesalers notice of the initial publication of the directory
29	and changes made to the directory in the prior month.
30	(b) Exclusion from the directory. – No manufacturer or the manufacturer's consumable
31	products or vapor products shall be included or retained in the directory if the Secretary
32	determines that any of the following apply:
33	(1) The manufacturer failed to provide a complete and accurate certification as
34	required by G.S. 145B-245.11(a) and (b).
35	(2) The manufacturer submitted a certification that does not comply with the
36	requirements of G.S. 145B-245-245(c).
37	(3) The manufacturer failed to include with its certification the payment required

The manufacturer sold products in North Carolina required to be certified under this Act during a period when either the manufacturer or the product

by G.S. 145B-245.11(b).

had not been certified and listed on the directory.

AMENDMENT NO. \_\_\_\_\_\_
(to be filled in by
Principal Clerk)

H900-ACE-134 [v.4]

Page 8 of 10

1 2		<u>(5)</u>	The information provided by the manufacturer in its certification is determined by the Secretary to contain false information or contains material
3			misrepresentations or omissions.
4	(c)	Remo	eval from the directory. –The Secretary shall provide the manufacturer notice
5			ty to cure deficiencies before removing the manufacturer or products from the
6	directory.	-	ty to cure deficiencies before removing the manufacturer of products from the
7	directory.	<u>(1)</u>	The Secretary may not remove the manufacturer or its products from the
8		(1)	directory until at least 30 days after the manufacturer has been given notice of
9			an intended action. Notice shall be sufficient and be deemed immediately
10			received by a manufacturer if the notice is sent either electronically or by
11			facsimile to an electronic mail address or facsimile number, as the case may
12			be, provided by the manufacturer in its most recent certification filed under
13			G.S.143B-245.11(a).
14		<u>(2)</u>	The manufacturer shall have 15 business days from the date of service of the
15		<u>(2)</u>	notice of the Secretary's intended action to establish that the manufacturer of
16			consumable products or vapor products should be included in the directory.
17		<u>(3)</u>	Retailers shall have 30 days following the removal of a manufacturer or its
18		(2)	products from the directory to sell such products that were in the retailer's
19			inventory as of the date of removal.
20		<u>(4)</u>	After thirty 30 days following removal from the directory, the consumable
21		<u>\ /</u>	product or vapor product of a manufacturer identified in the notice of removal
22			and intended for retail sale in North Carolina may not be purchased or sold for
23			retail sale in North Carolina.
24		<u>(5)</u>	A determination by the Secretary to not include or to remove from the
25		(5)	directory a manufacturer or a manufacturer's product shall be subject to review
26			by the filing of a civil action for prospective declaratory or injunctive relief.
27	" <u>§ 143B-2</u>	<u> 245.13.</u>	Retail sale of consumable products and vapor products.
28	<u>(a)</u>	<u>Produ</u>	cts prohibited from retail sale. –Except as provided in subdivisions (1) and (2)
29			n, beginning May 1, 2025, or on the date that the Department of Revenue first
30			tory available for public inspection on its public website as provided in
31	G.S.143B	<u>-245.12</u>	2(a), whichever is later, consumable products or vapor products not included in
32	the direct	ory, ma	ny not be sold for retail sale in North Carolina, either directly or through an
33	importer,	distribu	ttor, wholesaler, retailer, or similar intermediary or intermediaries.
34		<u>(1)</u>	Each retailer shall have sixty (60) days from the date that the Secretary first
35			makes the directory available for inspection on its public website to sell
36			products that were in its inventory and not included in the directory or remove
37			those products from inventory and return them to the distributor or wholesaler
38			from whom the products were purchased for a refund.
39		<u>(2)</u>	Each distributor or wholesaler shall have sixty (60) days from the date that the
40			Secretary first makes the directory available for inspection on its public
41			website to remove those products intended for ultimate retail sale in the state
42			from its inventory.

AMENDMENT NO	
(to be filled in by	
Principal Clerk)	

H900-ACE-134 [v.4]

35

36

37 38

39

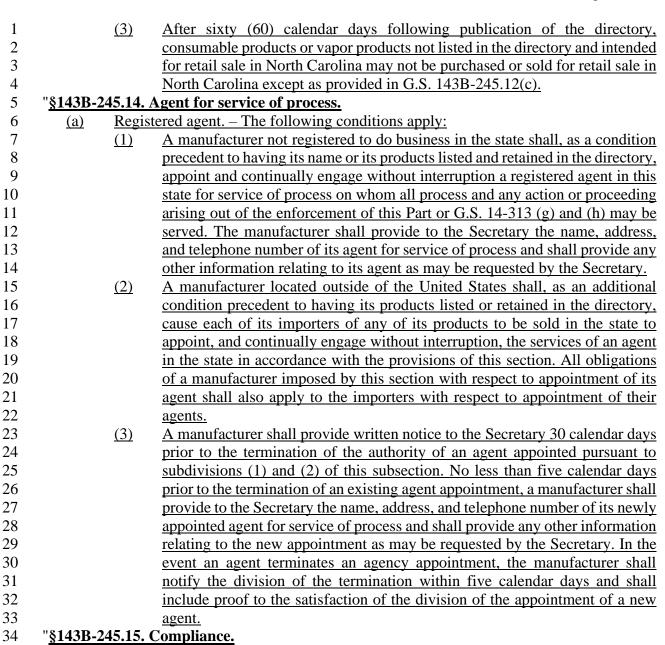
40

41

42

43

Page 9 of 10



- (a) <u>Unannounced compliance check.</u> Each retailer, distributor, and wholesaler that sells or distributes consumable products or vapor products in this state shall be subject to unannounced compliance checks by the Secretary or its designee, which may include state and local law enforcement officials, for purposes of enforcing this Part. Unannounced follow-up compliance
- checks of all noncompliant retailers, distributors, and wholesalers shall be conducted within thirty (30) days after any violation of this Part.
  - (1) Any person who observes a violation described in G.S, 143B-245.13 may alert the Secretary of such violation, and the Secretary shall cause an unannounced compliance check to occur with respect to the person alleged to be in violation.

AMENDMENT NO.\_\_\_\_\_

	H900-ACE-134	[v.4]	(to be filled in by Principal Clerk)		
	119 00 1102 10 .	[,,,]	1 11102pur G1	Page 10 of 10	
1	<u>(2)</u>	The Secretary shall publish	<u> </u>		
2	annually and shall make the results available to the public on request.				
3	" <u>§ 143B-245.16. Rules; use of fees; report.</u>				
4					
5	this section.				
6	(b) Use of fees and penalties. – The fees received under this Chapter, and the penalties				
7	collected under G.S. 14-313(h) by the Department of Revenue shall be used by the Department				
8	of Revenue exclusively for processing the certifications, operating and maintaining the directory.				
9	and enforcement of this Chapter.				
10	(c) Report. – Beginning on January 31, 2026, and annually thereafter, the Secretary shall				
11	provide a report to the legislature regarding the status of the directory, manufacturers and				
12	products included in the directory, revenue and expenditures related to administration of this				
13	section, and enforcement activities undertaken pursuant to this section, including the number of				
14	stores that have been inspected and the results from such inspections."				
15	<b>SECTION 2.(c)</b> This section becomes effective December 1, 2024.				
16		A (T) 70			
17	EFFECTIVE DATE				
18	<b>SECTION 3.</b> Except at otherwise provided, this act is effective when it becomes				
19	law".				
	CICNED				
	SIGNED	A			
		Amendment Spons	or		
	CICNED				
	SIGNED	munittee Chain if Consts Course	:44		
	Co	mmittee Chair if Senate Comm	mee Amenament		
	ADOPTED	FAILED	TABLE	£D	
	ADOLLED	I AILLD		<i></i>	