

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 468
PROPOSED COMMITTEE SUBSTITUTE H468-CSCE-21 [v.2]
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Short Title: Regulate Kratom Products.

(Public)

Sponsors:

Referred to:

March 24, 2025

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

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

5 "**Chapter 18E.**

6 "**Regulation of Kratom Products.**

7 "Article 1.

8 "Regulation of Kratom Products.

9 "**§ 18E-100. Definitions.**

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

- 11 (1) ALE Division. – The Alcohol Law Enforcement Division of the Department
12 of Public Safety.
- 13 (2) Batch. – The kratom product produced during a period of time under similar
14 conditions and identified by a specific code that allows traceability.
- 15 (3) Distributor. – A person or entity that delivers or sells kratom products for the
16 purpose of distribution in commerce.
- 17 (4) Independent testing laboratory. – A laboratory that meets all of the following
18 conditions:
- 19 a. Holds an ISO 17025 accreditation or is registered with the Drug
20 Enforcement Administration (DEA) in accordance with 21 C.F.R. §
21 1301.13.
- 22 b. Does not have a direct or indirect interest in the entity whose product
23 is being tested.
- 24 c. Does not have a direct or indirect interest in a facility that cultivates,
25 processes, distributes, dispenses, or sells kratom products in this State
26 or any other jurisdiction.
- 27 d. Has entered into a compliance agreement with the ALE Division to
28 conduct kratom product testing.
- 29 (5) Ingestion. – The process of consuming kratom through the mouth, by
30 swallowing into the gastrointestinal system or through tissue absorption.
- 31 (6) Inhalation. – The process of consuming kratom into the respiratory system
32 through the mouth or nasal passages.
- 33 (7) Kratom product. – Any consumer commodity containing any quantity of
34 mitragynine or 7-hydroxymitragynine or both, extracted from the leaf of the
35 plant Mitragyna speciosa. This definition includes a synthesized kratom
36 product.



* H 4 6 8 - C S C E - 2 1 *

- 1 (8) License. – A license issued in accordance with this Chapter.
2 (9) Licensee. – A person who has been issued a license in accordance with this
3 Chapter.
4 (10) Manufacture. – To compound, blend, extract, infuse, cook, or otherwise
5 manipulate kratom to make, prepare, or package kratom products.
6 (11) Manufacturer. – Any person or entity that engages in the process of
7 manufacturing, preparing, or packaging of kratom products.
8 (12) Producer. – Any person or entity that engages in the process of farming and
9 harvesting kratom that is intended to be used in the manufacture of a kratom
10 product.
11 (13) Retail dealer. – Any person who sells a kratom product to the ultimate
12 consumer of the product, including a remote seller.
13 (14) Serving. – A quantity of a kratom product reasonably suitable for a person's
14 use in a single day.
15 (15) Synthesized kratom product. – An alkaloid, metabolite, or alkaloid derivative
16 that has been created by chemical synthesis or biosynthetic means, including,
17 but not limited to, fermentation, recombinant techniques, yeast derived,
18 enzymatic techniques, rather than traditional food preparation techniques,
19 such as heating or extracting, that synthetically alters the composition of any
20 kratom alkaloid or constituent.

21 **"§ 18E-101. Sales restrictions on kratom products.**

- 22 (a) Restriction. – No person shall do any of the following:
23 (1) Knowingly, or having reason to know, sell a kratom product to a person who
24 is under 21 years of age. Any retail dealer of kratom products shall demand
25 proof of age from a prospective purchaser of kratom products before the
26 kratom products are released to the purchaser if the retail dealer has reasonable
27 grounds to believe that the prospective purchaser is under 30 years of age.
28 Any retail dealer that sells a kratom product on an internet website shall verify
29 the age of any prospective purchaser or shall use a method of delivery that
30 requires the signature of a person at least 21 years of age before the kratom
31 product is released.
32 (2) Knowingly, or having reason to know, distribute samples of kratom products
33 in or on a public street, sidewalk, park, or public building.
34 (3) Engage in the business of selling a kratom product without a valid license
35 issued in accordance with this Chapter.
36 (4) Knowingly, or having reason to know, sell at retail a kratom product that
37 violates the provisions of G.S. 18E-104.
38 (5) Knowingly, or having reason to know, sell at retail or on an internet website
39 offering delivery in this State, a kratom product that is not in compliance with
40 G.S. 18E-105.
41 (b) Civil Penalties. – For any violation of this section, the ALE Division may take any of
42 the following actions against a retail dealer:
43 (1) For the first violation, the ALE Division may impose a civil penalty of no
44 more than five hundred dollars (\$500.00).
45 (2) For the second violation within three years, the ALE Division may impose a
46 civil penalty of no more than seven hundred fifty dollars (\$750.00).
47 (3) For the third violation within three years of the first violation, the ALE
48 Division shall impose a civil penalty of no more than one thousand dollars
49 (\$1,000) and suspend the retail dealer's license for one year.

1 (4) For a fourth or subsequent violation within three years of the first violation,
2 the ALE Division shall impose a civil penalty of no more than two thousand
3 dollars (\$2,000) and revoke the retail dealer's license.

4 (c) Compromise. – In any case in which the ALE Division is entitled to suspend or revoke
5 a retail dealer's license, the ALE Division may accept from the retail dealer an offer in
6 compromise to pay a penalty of not more than three thousand dollars (\$3,000). The ALE Division
7 may either accept a compromise or revoke a license, but not both. The ALE Division may accept
8 a compromise and suspend the license in the same case.

9 (d) Testing Fee. – In any case in which the ALE Division imposes a penalty pursuant to
10 subsection (b) of this section, for a violation of subdivision (4) of subsection (a) of this section,
11 the retail dealer shall also pay to the ALE Division the actual costs paid by the ALE Division for
12 testing of the samples resulting in the violation. Any fee collected pursuant to this subsection
13 shall be remitted to the ALE Division.

14 (e) Defenses. – It is a defense to a violation of subdivision (1) of subsection (a) of this
15 section if the retail dealer does any of the following:

16 (1) Shows that the purchaser produced a drivers license, a special identification
17 card issued under G.S. 20-37.7 or issued by the state agency of any other state
18 authorized to issue similar official state special identification cards for that
19 state, a tribal enrollment card issued by a State or federally recognized Indian
20 Tribe, a military identification card, or a passport showing the purchaser's age
21 to be at least the required age for purchase and bearing a physical description
22 of the person named on the card reasonably describing the purchaser.

23 (2) Produces evidence of other facts that reasonably indicated at the time of sale
24 that the purchaser was at least the required age.

25 (3) Shows that at the time of purchase, the purchaser utilized a biometric
26 identification system that demonstrated (i) the purchaser's age to be at least
27 the required age for the purchase and (ii) the purchaser had previously
28 registered with the retail dealer or retail dealer's agent a drivers license, a
29 special identification card issued under G.S. 20-37.7 or issued by the state
30 agency of any other state authorized to issue similar official state special
31 identification cards for that state, a military identification card, or a passport
32 showing the purchaser's date of birth and bearing a physical description of the
33 person named on the document.

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

37 (g) Forfeiture. – Any product sold in violation of subdivision (4) of subsection (a) of this
38 section shall be subject to forfeiture pursuant to the procedures set forth in G.S. 18E-401.

39 (h) Criminal Penalty. – Any person against whom a civil penalty has been imposed for
40 violation of subdivision (3) of subsection (a) of this section who commits a second violation of
41 subdivision (3) of subsection (a) of this section is guilty of a Class A1 misdemeanor. Any person
42 who commits a third or subsequent violation of subdivision (3) of subsection (a) of this section
43 is guilty of a Class H felony.

44 **"§ 18E-101A. Sales and transfer restrictions on a producer.**

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

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

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

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

3 (3) For the third violation within three years of the first violation, the ALE
4 Division shall impose a civil penalty of no more than one thousand dollars
5 (\$1,000).

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

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

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

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

19 **"§ 18E-102. Offenses involving the purchase, attempted purchase, or possession of kratom**
20 **products by a person under 21 years of age.**

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

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

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

29 (1) A fraudulent or altered drivers license.

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

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

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

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

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

40 (e) Penalties. –

41 (1) Any person less than 21 years old who violates this section is guilty of a Class
42 2 misdemeanor.

43 (2) Any person at least 21 years old who violates this section is guilty of a Class
44 1 misdemeanor.

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

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

51 **"§ 18E-103. Offenses involving the manufacture and distribution of kratom products.**

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

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

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

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

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

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

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

14 (2) Revoke the licensee's license.

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

16 (4) Impose civil penalties as follows:

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

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

21 c. For a third violation within three years of the first violation, impose a
22 civil penalty of no more than seven thousand five hundred dollars
23 (\$7,500).

24 (d) Compromise. – In any case in which the ALE Division is entitled to suspend or revoke
25 a manufacturer's or distributor's license, the ALE Division may accept from the manufacturer or
26 distributor an offer in compromise to pay a penalty of not more than eight thousand dollars
27 (\$8,000). The ALE Division may either accept a compromise or revoke a license, but not both.
28 The ALE Division may accept a compromise and suspend the license in the same case.

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

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

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

39 **"§ 18E-104. Testing prior to distribution.**

40 (a) Requirement. – The manufacturer shall have a kratom product tested prior to
41 distribution to a distributor or before distributing the product to a retail dealer. If the kratom
42 product is packaged in a manner that may be sold to the ultimate consumer of the product when
43 delivered to the distributor and the distributor does not open such package, the distributor is not
44 required to test the kratom product. If the kratom product is not packaged in a manner that may
45 be sold to the ultimate consumer of the product when delivered to the distributor or the distributor
46 does open such package, the distributor shall have the kratom product tested prior to distribution.
47 The testing shall determine the presence and amounts of any of the substances listed in subsection
48 (b) of this section. No product that contains more than the maximum amount indicated for any
49 substance in subsection (b) of this section shall be distributed or sold in this State.

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

- 1 (1) A kratom product that is adulterated with a dangerous non-kratom substance.
2 A kratom product is adulterated with a dangerous non-kratom substance if the
3 kratom product is mixed or packed with a non-kratom substance and that
4 substance affects the quality or strength of the kratom product to such a degree
5 as to potentially render the kratom product injurious to a consumer.
- 6 (2) A kratom product that is contaminated with a dangerous non-kratom
7 substance. A kratom product is contaminated with a dangerous non-kratom
8 substance if the kratom product contains a poisonous or otherwise deleterious
9 non-kratom ingredient, including any controlled substance regulated by
10 Article 5 of Chapter 90 of the General Statutes.
- 11 (3) A kratom extract that contains levels of residual solvents higher than is
12 allowed in the U.S. Pharmacopeia 467.
- 13 (4) A kratom product containing a level of 7-hydroxymitragynine in the alkaloid
14 fraction that is greater than two percent (2%) or 0.4 mg on a dry matter basis
15 of the overall alkaloid composition of the product.
- 16 (5) A kratom product containing any synthetic alkaloids, including synthetic
17 mitragynine, synthetic 7-hydroxymitragynine, or any other synthetically
18 derived compounds of the kratom plant.
- 19 (6) A kratom product that does not provide adequate labeling directions necessary
20 for safe use by consumers, including a recommended serving size, the
21 recommended number of servings per day, and the number of servings in the
22 package that is sold.
- 23 (7) A kratom product in any form that is combustible, intended to be used for
24 vaporization, or injectable.
- 25 (8) A synthesized kratom product.
- 26 (c) Laboratory Qualifications. – A manufacturer or distributor shall contract with an
27 independent testing laboratory to provide the testing required under subsection (a) of this section.
- 28 (d) Testing Method. – A laboratory providing testing required under subsection (a) of this
29 section shall use high-performance liquid chromatography for any separation and measurement
30 required in the testing.
- 31 (e) Batch Testing. – A sample of each batch manufactured shall undergo the testing
32 required by subsection (a) of this section and shall obtain a certificate of analysis by an
33 independent testing laboratory. The size of sample required to be tested shall be determined by
34 the size of the batch as follows:
- 35 (1) For a batch containing 1 to 999 units, the required sample size is 1 unit.
36 (2) For a batch containing 1,000 to 4,999 units, the required sample size is 2 units.
37 (3) For a batch containing 5,000 to 9,999 units, the required sample size is 3 units.
38 (4) For a batch containing 10,000 or more units, the required sample size is 5
39 units.
- 40 (f) Expiration Date. – A kratom product shall have an expiration date on the label that
41 conforms with applicable federal law.
- 42 (g) Civil Penalties. – A violation of this section shall result in the ALE Division taking
43 one or more of the following actions against the licensee:
- 44 (1) Suspend the licensee's license for a specified period of time not longer than
45 three years.
- 46 (2) Revoke the licensee's license.
- 47 (3) Impose conditions on the operating hours of the licensee's business.
- 48 (4) Impose civil penalties as follows:
- 49 a. For a first violation, impose a civil penalty of no more than one
50 thousand dollars (\$1,000).

1 **b.** For a second violation within three years, impose a civil penalty of no
2 more than five thousand dollars (\$5,000).
3 **c.** For a third violation within three years of the first violation, impose a
4 civil penalty of no more than seven thousand five hundred dollars
5 (\$7,500).

6 **(h)** Compromise. – In any case in which the ALE Division is entitled to suspend or revoke
7 a manufacturer's or distributor's license, the ALE Division may accept from the manufacturer or
8 distributor an offer in compromise to pay a penalty of not more than eight thousand dollars
9 (\$8,000). The ALE Division may either accept a compromise or revoke a license, but not both.
10 The ALE Division may accept a compromise and suspend the license in the same case.

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

14 **(j)** ALE Division Duties. – The ALE Division shall do all of the following:

15 **(1)** Maintain and post on its website a list of testing laboratories that meet the
16 independent testing laboratory standard to test intermediate manufactured
17 material and finished kratom products.

18 **(2)** Develop an application and process to determine qualifying laboratories to be
19 listed on the ALE Division's website. The application shall require a
20 potentially qualifying laboratory to submit a sample certificate of analysis
21 issued by the applying laboratory indicating that the laboratory is capable of
22 detecting the chemicals provided in subsection (b) of this section.

23 **§ 18E-105. Additional requirements for manufacturers and distributors.**

24 **(a)** Registration of Products. – All manufacturers and distributors shall register with the
25 ALE Division all kratom products offered for sale in this State by the manufacturer or distributor.
26 The registration shall include any information that the ALE Division deems necessary to ensure
27 compliance with the provisions of this Chapter.

28 **(b)** Adverse Event Reports. – A manufacturer or distributor, upon receipt of any adverse
29 event report related to a product manufactured or distributed by that manufacturer or distributor,
30 shall submit a copy of the adverse event report, as required under 21 U.S.C. § 379aa-1, to the
31 ALE Division within 30 days. If the manufacturer or distributor does not submit a copy of the
32 adverse event report within the time allotted, the registration for that product shall be revoked
33 and the license for that manufacturer or distributor shall be suspended or revoked, at the
34 discretion of the ALE Division.

35 **(c)** Packaging Requirements. – A kratom product that is sold in this State shall be labeled
36 with consumer protection warnings in the form of statements that cover all of the following:

37 **(1)** A list of ingredients and possible allergens and a nutritional fact panel or a
38 quick response code that can be scanned that directs consumers to a website
39 containing the list of ingredients and possible allergens and a nutritional fact
40 panel.

41 **(2)** A statement that the product is not approved by the United States Food and
42 Drug Administration.

43 **(3)** A statement to keep out of reach of children.

44 **(4)** A statement to consult your health professional before use.

45 **(5)** The net weight of the product.

46 **(6)** An expiration date in accordance with applicable federal law.

47 **(7)** A listing of quantitative declarations of the amount of mitrogynine and
48 7-hydroxymitrogynine per serving and other ingredients in the product.

49 **(8)** The recommended serving size.

50 **(d)** Advertising Restrictions. – A manufacturer, distributor, or retail dealer of a kratom
51 product shall not advertise, market, or offer for sale the product by using, in the labeling or design

1 of the product or product packaging or in advertising or marketing materials for the product trade
2 dress, trademarks, branding, or other related materials, any imagery or scenery that depicts or
3 signifies characters or symbols known to appeal primarily to persons under 21 years of age,
4 including, but not limited to, superheroes, comic book characters, video game characters,
5 television show characters, movie characters, mythical creatures, unicorns, animals, cartoon
6 characters, or any imitation of the packaging or labeling of candy, cereals, sweets, chips, or other
7 food products typically marketed to persons under 21 years of age.

8 **"§ 18E-105.1. Conduct on licensed premises.**

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

12 (1) Any violation of this Chapter.

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

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

17 **"§ 18E-105.2. Safe harbor protection for goods not sold in State.**

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

19 (1) A safe harbor kratom product.

20 (2) A safe harbor manufacturer or storage facility.

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

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

31 **"§ 18E-106. Construction of Chapter.**

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

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

35 (2) Permit a person to operate, navigate, or be in actual physical control of a motor
36 vehicle, aircraft, motorized watercraft, or any other vehicle while under the
37 influence of a kratom product.

38 (3) Require an employer to accommodate the use of a kratom product in a
39 workplace or an employee working while under the influence of a kratom
40 product.

41 (4) Require an individual or establishment in lawful possession of property to
42 admit a guest, client, customer, or other visitor who is impaired as a result of
43 the person's use of a kratom product.

44 (5) Exempt a person from prosecution for a criminal offense related to impairment
45 or intoxication resulting from the use of a kratom product or relieve a person
46 from any requirement under law to submit to a breath, blood, urine, or other
47 test to detect the presence of a controlled substance.

48 (6) Limit the ability of an employer to establish, continue, or enforce a drug-free
49 workplace program or policy.

50 (7) Create a cause of action against an employer for wrongful discharge or
51 discrimination.

1 (8) Allow the possession, sale, manufacture, or distribution of any substance that
2 is otherwise prohibited by Article 5 of Chapter 90 of the General Statutes.

3 "Article 2.

4 "Licensing.

5 **"§ 18E-200. Definitions.**

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

7 **"§ 18E-201. Licensing requirements; qualifications; duration.**

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

13 (1) Manufacturing kratom products.

14 (2) Distributing kratom products.

15 (3) Selling kratom products.

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

18 (1) Be at least 21 years old.

19 (2) Submit to the ALE Division any information determined by the ALE Division
20 to be necessary for the efficient enforcement of this Chapter.

21 (3) Have not been convicted of a felony relating to a controlled substance within
22 10 years in any state or federal jurisdiction.

23 (4) Consent to reasonable inspection by the ALE Division of the inventory of
24 products regulated by this Chapter to ensure compliance with this Chapter and
25 the taking of samples found to not be in compliance with the packaging,
26 labeling, and testing requirements of this section.

27 (5) Be current in filing all applicable tax returns to the State and in payment of all
28 taxes, interest, and penalties collectable pursuant to G.S. 105-241.22.

29 (c) Single License Required. – A person or entity engaged in more than one of the
30 businesses listed in subsection (a) of this section shall only be required to obtain a single license.
31 Upon application for a license, the person or entity engaged in more than one type of business
32 regulated by this Chapter must indicate on the license application all of the businesses listed in
33 subsection (a) of this section in which the business engages or intends to engage. A person or
34 entity applying for a license for more than one type of business listed in subsection (a) of this
35 section shall pay a single fee as provided in G.S. 18E-202(c).

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

38 **"§ 18E-202. Fees.**

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

41 (1) For a license to manufacture kratom products, a fee of fifteen thousand dollars
42 (\$15,000). However, if an applicant submits proof that the applicant's gross
43 income for the calendar year prior to application was less than one hundred
44 thousand dollars (\$100,000), the fee shall be one thousand dollars (\$1,000).

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

50 (3) For a license to sell kratom products at a retail location, or online for delivery
51 to a person within this State, a fee of two hundred fifty dollars (\$250.00) for

1 each location or each internet website offering delivery in this State. However,
2 a single entity with more than 25 locations, internet websites offering delivery
3 in this State, or a combination of the two shall not pay more than five thousand
4 dollars (\$5,000) and shall submit a list of all locations and all internet websites
5 offering delivery in this State to the ALE Division.

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

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

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

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

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

19 **"§ 18E-203. ALE Division authority to deny or revoke.**

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

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

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

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

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

28 **"§ 18E-204. Civil penalties; procedure.**

29 Proceedings for the assessment of civil penalties authorized in Article 1 of this Chapter shall
30 be governed by Chapter 150B of the General Statutes. If the person or entity assessed a civil
31 penalty fails to pay the penalty to the ALE Division, the ALE Division may institute an action in
32 the superior court of the county in which the person resides or has their principal place of business
33 to recover the unpaid amount of the penalty. An action to recover a civil penalty under this
34 Chapter shall not relieve any party from any other penalty prescribed by law.

35 **"§ 18E-205. ALE Division to develop application, adopt rules, remit revenue.**

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

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

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

45 "Article 3.

46 "Enforcement.

47 **"§ 18E-300. ALE Division.**

48 (a) Authority. – The ALE Division shall enforce the provisions of this Chapter in a
49 manner that is reasonable to reduce the extent to which kratom products are sold or distributed
50 to persons under 21 years of age and shall conduct random, unannounced inspections at locations
51 where kratom products are sold or distributed to ensure compliance with the provisions of this

1 Chapter. If, upon reasonable inspection, the ALE Division determines a licensee's inventory may
2 consist of products not in compliance with the packaging, labeling, and testing requirements of
3 this Chapter, the ALE Division is authorized to only take samples of a licensee's inventory of
4 kratom products considered noncompliant to be submitted for testing in order to determine
5 compliance with the provisions of this Chapter. To procure evidence of violations of this Chapter,
6 ALE Division agents shall have authority to investigate the operation of each licensee under this
7 Chapter and each licensed premises for which a license has been issued under this Chapter, to
8 make inspections that include viewing the entire premises, including the examination of records,
9 equipment, and proceeds related to the manufacture or distribution of kratom products. The
10 inspection authorized by this section may be made at any time it reasonably appears that someone
11 is on the premises.

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

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

21 **"§ 18E-301. Forfeiture of property.**

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

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

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

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

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

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

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

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

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

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

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

- 1 (1) Occurring, encountered, or otherwise discovered on the premises of, or
- 2 elsewhere when the conduct relates to, a location under application for or
- 3 holding a permit issued by the North Carolina Alcoholic Beverage Control
- 4 Commission or the North Carolina Education Lottery Commission.
- 5 (1b) Occurring, encountered, or otherwise discovered on the premises of, or
- 6 elsewhere when the conduct relates to, a location holding a license issued
- 7 pursuant to Chapter 18E of the General Statutes.
- 8 (2) Encountered or otherwise discovered while investigating or enforcing matters
- 9 for the North Carolina Alcoholic Beverage Control Commission or the North
- 10 Carolina Education Lottery Commission or encountered or otherwise
- 11 discovered while investigating or enforcing the provisions of this Chapter,
- 12 Chapter 18C of the General Statutes, Chapter 18E of the General Statutes,
- 13 G.S. 14-313, or Parts 1 and 2 of Article 37 of Chapter 14 of the General
- 14 Statutes.
- 15 (3) Encountered or otherwise discovered while carrying out any duty or function
- 16 assigned to the Division by law.
- 17 (4) Occurring in an agent's presence.
- 18 (5) When assisting another law enforcement agency."

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

20 "(a) In every criminal case in the superior or district court, wherein the defendant is

21 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the

22 prosecuting witness, the following costs shall be assessed and collected. No costs may be

23 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of

24 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs

25 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a),

26 (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or

27 costs without providing notice and opportunity to be heard by all government entities directly

28 affected. The court shall provide notice to the government entities directly affected of (i) the date

29 and time of the hearing and (ii) the right to be heard and make an objection to the remission or

30 waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be

31 made to the government entities affected by first-class mail to the address provided for receipt of

32 court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

- 33 ...
- 34 (15) For the services of any laboratory facility, the district or superior court judge
- 35 shall, upon conviction, order payment of the sum of six hundred dollars
- 36 (\$600.00) to be remitted to the Alcohol Law Enforcement Division of the
- 37 Department of Public Safety (ALE Division) or agency that paid for the
- 38 laboratory services. The cost shall be assessed only in cases in which (i) the
- 39 defendant is convicted of a violation of G.S. 18E-103(a)(3) and (ii) as part of
- 40 the investigation leading to the defendant's conviction, testing was conducted
- 41 at a laboratory on products regulated under Chapter 18E of the General
- 42 Statutes."

43 **SECTION 4.** This act becomes effective July 1, 2026, and applies to all kratom

44 products possessed, sold, distributed, or manufactured on or after that date, and to all offenses

45 committed on or after that date.