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**VERSIONS OF THIS BILL**

[02/13/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/4004_20250213.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ADDING CHAPTER 56 TO TITLE 46 SO AS TO REGULATE THE DISTRIBUTION AND SALE OF NONALCOHOLIC HEMP‑DERIVED BEVERAGES, AMONG OTHER THINGS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 46 of the S.C. Code is amended by adding:

CHAPTER 56

The Distribution and Sale of Nonalcoholic Hemp‑Derived Beverages

Article 1

General Provisions

 Section 46‑56‑10. The purpose of this chapter is to regulate the distribution, sale, and marketing of nonalcoholic beverages containing hemp‑derived tetrahydrocannabinol (THC) with concentrations of delta‑9 THC of not more than 0.3 percent on a dry weight basis. Nothing in this chapter prevents the lawful cultivation of hemp as defined in Chapter 55, Title 46.

 Section 46‑56‑20. As used in this chapter:

 (1) “Batch” means a single stock-keeping unit with common cannabinoid input or a hemp flower of the same varietal and harvested on the same date manufactured during a defined cycle in such a way that it could be expected to be of a uniform character and should be designated as such.

 (2) “Department” means the South Carolina Department of Agriculture.

 (3) “Department of Revenue” means the South Carolina Department of Revenue.

 (4) “Hemp‑derived cannabinoid” means a hemp‑derived product containing delta‑9‑tetrahydrocannabinol in a concentration of three tenths of one percent or less on a dry weight basis.

 (5) “Hemp‑derived beverage” means:

 (a) a nonalcoholic beverage containing hemp‑derived tetrahydrocannabinol (THC) with concentrations of delta‑9 THC of not more than 0.3 percent on a dry weight basis;

 (b) served in a closed can containing twelve fluid ounces or less;

 (c) contains no more than 10 milligrams (mg) of hemp‑derived tetrahydrocannabinol (THC) with concentrations of delta‑9 THC of not more than 0.3 percent on a dry weight basis per twelve ounce serving; and

 (d) the hemp‑derived ingredients within a hemp‑derived beverage only consists of the following: (1) delta‑9 THC of not more than 0.3 percent on a dry weight basis; and (2) Cannabidiol (CBD).

 (6) “Manufacture” means to compound, blend, extract, infuse, cook, or otherwise make or prepare products containing a hemp‑derived cannabinoid, including the processes of extraction, infusion, packaging, repackaging, labeling, and relabeling of products containing a hemp‑derived cannabinoid.

 (7) “Producer” means a manufacturer, bottler, or importer of hemp‑derived beverages into the United States.

 (8) “Proof of age” means a valid driver’s license or other government‑issued identification card that contains a photograph of the person and confirms the person’s age as twenty‑one years of age or older.

 (9) “Retailer” means a person or entity that sells hemp‑derived beverages for consumption and not for resale.

 (10) “Retail establishment” means a place of business open to the general public for the sale of goods or services.

 (11) “Serving” means a hemp‑derived beverage containing twelve fluid ounces or less.

 (12) “SLED” means the South Carolina Law Enforcement Division.

 (13) “THC” means tetrahydrocannabinol.

 (14) “Wholesaler” means a person who purchases, acquires, or imports from outside this State or who purchases or acquires from a manufacturer or producer in the State hemp‑derived beverages for resale.

 Section 46‑56‑30. (A) The functions, duties, and powers set forth in this title are vested in the department and SLED. The department must administer the provisions of this chapter, and SLED must enforce the provisions of this title.

 (B) SLED must enforce this chapter in a manner that may reasonably be expected, and must conduct random, unannounced inspections at locations where such products are sold or distributed to ensure compliance with this chapter.

 (C) SLED must submit an annual report to the General Assembly describing in detail SLED’s enforcement efforts under this chapter. The report also must be published and made available to the public on SLED’s website.

 (D) The Department of Revenue must administer the provisions of this chapter related to the taxation of hemp‑derived beverages.

 Section 46‑56‑40. The department and SLED must employ personnel necessary to administer and enforce the laws and regulations governing hemp‑derived beverages. Salaries of these personnel must be set by the department and SLED, as applicable.

 Section 46‑56‑50. The department and SLED are authorized to promulgate regulations necessary to carry out the duties imposed upon them by law for the proper administration and enforcement of, and consistent with this title including, but not limited to:

 (1) regulations for the application and issuance of hemp‑derived beverage licenses;

 (2) regulations to prevent the unlawful manufacture, bottling, sale, distribution, transportation, and importation of hemp‑derived beverages;

 (3) regulations necessary to effect an equitable distribution of hemp‑derived beverages in this State;

 (4) regulations for the analysis of hemp‑derived beverages sold in this State and for a procedure for obtaining the samples for this purpose;

 (5) regulations governing the administration and enforcement of provisions relating to producers and wholesalers of hemp‑derived beverages; and

 (6) regulations for application for and issuance of hemp‑derived beverage licenses and the sale, distribution, promotion, and shipment of hemp‑derived beverages into and within the State.

 Section 46‑56‑60. The department has sole authority and exclusive power to issue all licenses provided for in this chapter.

 Section 46‑56‑70. Hemp‑derived beverages sold by wholesalers to the holders of retail licenses in this State must be sold for cash only at the time of delivery or prior to delivery. For purposes of this section, “cash” means money or a bona fide check, money order, or electronic transfer of funds if the transfer of funds is initiated by an irrevocable payment order on or before delivery of the hemp‑derived beverages. The electronic transfer must be initiated by the wholesaler no later than one business day after delivery. A holder of a retail permit who issues a check or an irrevocable payment order in payment for hemp‑derived beverages with insufficient funds at the bank to cover the check violates the provisions of this section.

 Section 46‑56‑80. A holder of a hemp‑derived beverage license may not purchase hemp‑derived beverages on credit by a dishonored check, an unpaid note or invoice, or other insufficient manner from a licensed hemp‑derived beverage wholesaler. However, no action may be taken against the holder for a first violation of this section. If a holder commits a second or subsequent violation, his retailer’s permit may be suspended, canceled, or revoked by the department, or a monetary penalty of not more than twenty-five dollars may be assessed against him.

 Section 46‑56‑90. The State, through the department, is the sole and exclusive authority empowered to regulate the operation of all locations authorized to sell hemp‑derived beverages, and occupies the entire field of hemp‑derived beverages licensing except as it relates to enforcement and taxation, provided in this chapter. Nothing contained in this section may be considered as prohibiting judicial appeals from decisions of the Administrative Law Court, as authorized by Chapter 23, Title 1, nor as limiting the authority of the courts in interpreting and applying the laws of this State relating to matters administered by the department.

 Section 46‑56‑100. If any provision of this chapter or its application to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Article 3

Licensing

 Section 46‑56‑120. A person desiring a license under this title must file with the department an application in writing on forms provided by the department containing a statement under oath setting forth:

 (1) the name, address, date of birth, race, and nationality of the person applying for the license;

 (2) the exact location where the business is proposed to be operated;

 (3) a description of the type of business to be operated;

 (4) whether the applicant or an owner of the business has been involved in the sale of hemp‑derived beverages in this or another state and whether he has had such license suspended or revoked;

 (5) whether the applicant has been a legal resident of this State for at least thirty days before the date of application, and has maintained his principal place of abode in the State for at least thirty days before the date of application; and

 (6) other information required by the department to determine if the application meets all statutory requirements for the license and to determine the true owners of the business seeking the license.

 Section 46‑56‑130. (A) The department may issue licenses authorized under this title to qualifying persons. Licenses may be issued only to the person who is the owner of the business seeking the license.

 (B) The department must initiate action to revoke any license that is issued to any person who is not the owner of the licensed business or when the licensed individual or an individual principal of the licensed business is under twenty‑one years of age.

 (C) If application is made for a license under this chapter by a person other than an individual, all principals are deemed to be the applicant under Section 46‑56‑210.

 (D) The department may not issue a license under this chapter to any person unless the person and all principals are of good moral character.

 (E) The department may not issue a license under this chapter to an individual under twenty‑one years of age or a business with an individual principal under twenty-one years of age.

 (F) Businesses licensed by the department under this chapter must designate with the department an agent and mailing address for service of notices. Any required notice may be given by handing it to the agent in person or leaving the notice at his office with a clerk or other person in charge of the office, or if there is no one in charge, leaving it in a conspicuous place in the office; or, if the office is closed or the person to be served has no office, leaving a copy at his dwelling place with a person of suitable age and discretion residing in the dwelling place; or by serving it on an employee at the licensed place of business; or by mailing it by first class mail to the agent at his last known address, postage prepaid. No person may act as agent for more than one business entity unless the person has an ownership interest in the business entities.

 (G) As used in this chapter and unless otherwise required by the context:

 (1) “Person” includes an individual, a trust, estate, partnership, limited liability company, receiver, association, company, corporation, or any other group.

 (2) “Principal” of a business or entity means a person who is described in any one or more of the following terms:

 (a) an officer of the business or entity which owns the business;

 (b) a partner other than a limited partner who cannot exercise any management control;

 (c) a manager of the limited liability company which is managed by managers;

 (d) a member of the limited liability company which is not managed by managers;

 (e) a fiduciary, including personal representatives, trustees, guardians, committees, and receivers, who manage, hold, or control title to or who is otherwise in direct or indirect control of the business;

 (f) a person who owns twenty-five percent or more of the combined voting power of the business or entity;

 (g) a person who owns twenty-five percent or more of the value of the business entity; or

 (h) an employee who has day to day operational management responsibilities for the business or entity.

 (i) a license may be issued to a publicly held corporation, which is deemed the applicant under Section 46‑56‑210 and the corporation must designate an officer or other employee of good moral character, over the age of twenty-one and a resident of this State in whose name the license must be held on behalf of the corporation. The corporation may substitute an officer or employee if the individual is of good moral character, over the age of twenty-one, and a resident of this State, and upon notice in writing of the substitution to the department.

 (H) The department may not issue a hemp‑derived beverage license pursuant to this chapter unless the applicant is a legal resident of the United States and has been a legal resident of this State and has maintained his principal place of abode in this State for at least thirty days before the date of the application.

 (I) A misstatement or concealment of fact on an application for a license pursuant to this title is sufficient grounds for the department to deny the application and to revoke a license issued based on an application containing a misstatement or concealment of fact.

 Section 46‑56‑140. The department must accept checks, in addition to any other method of payment it considers appropriate, in payment of the fees due for a license. If the check is dishonored, the department may suspend the license without notice or a hearing until the applicant makes the payment in a form satisfactory to the department and pays a reinstatement fee of fifty dollars. The department may retain the reinstatement fee to offset the cost of this provision.

 Section 46‑56‑150. Biennial licenses issued under this chapter expire according to the county where the licensed location is situated. The expiration dates are the last day of:

 (1) February in years which end in an:

 (a) odd number for Allendale, Bamberg, Barnwell, Beaufort, and Berkeley counties;

 (b) even number for Charleston, Clarendon, Colleton, Dorchester, Georgetown, Hampton, Jasper, and Williamsburg counties;

 (2) May in years which end in an:

 (a) odd number for Cherokee, Chester, Chesterfield, Darlington, Dillon, Fairfield, Florence, and Horry counties;

 (b) even number for Lancaster, Marion, Marlboro, Union, and York counties;

 (3) August in years which end in an:

 (a) odd number for Calhoun, Kershaw, Lee, Orangeburg, and Sumter counties;

 (b) even number for Richland County;

 (4) November in years which end in an:

 (a) odd number for Abbeville, Aiken, Anderson, Edgefield, Greenville, and Greenwood counties;

 (b) even number for Laurens, Lexington, McCormick, Newberry, Oconee, Pickens, Saluda, and Spartanburg counties.

 Section 46‑56‑160. If a biennial licensee under this chapter closes the licensed business for any reason during the first year of the biennial license period, the licensee or his estate must be refunded the amount of the license attributable to the second year of the biennial license period. No licensee is eligible for a refund under the provisions of this section if the license has been canceled, relinquished, or revoked because of an enforcement action or a failure to adhere to the conditions of the license.

 Section 46‑56‑170. When a person licensed to sell hemp‑derived beverages moves his business to a new location in the same county that was licensed in the same manner within ninety days of the time of the move, the person may use his current license and is not required to initiate a new application upon approval by the department.

 Section 46‑56‑180. Notwithstanding another provision of law, a currently licensed hemp‑derived beverage wholesaler who wishes to relocate the licensed business to a new location within the State must notify the department. This notice must be in writing, must precisely describe the premises to be licensed, must give the date of the move, and must be filed with the department at least thirty days prior to the move. Upon receipt of this notice, the department must transfer the license to the new premises effective on the date of the move.

 Section 46‑56‑190. (A) A person promptly must surrender a license issued under the provisions of this chapter upon request of the department.

 (B) Licenses are the property of the department and are not transferable. Licenses must be surrendered immediately to the department upon the termination of a business, upon a change of ownership, possession, or control of a corporation or business entity, or upon a change in the character of the property, facilities, or nature of the business activity for which a license has been issued. The transfer of twenty-five percent or more of corporate stock is considered a change in ownership.

 (C) Licenses must be issued for a designated location and may not be transferred to another location. A separate license is required for each separate location of a business.

 (D) When a license is suspended or revoked, no partner or person with a financial interest in the business may be issued a license for the premises concerned. No person within the second degree of kinship to a person whose license is suspended or revoked may be issued a license for the premises concerned for a period of one year after the date of suspension or revocation.

 (E) A person whose license has been suspended or revoked for a particular premises is not eligible to receive an additional new license at another location during the period the suspension or revocation is in effect, and the department may suspend or revoke all other licenses held by the person if the suspended or revoked premises is within close proximity.

 Section 46‑56‑200. (A) If a fine is imposed by the department for a violation by a hemp‑derived beverage licensee, and the licensee fails to pay the fine and ceases doing business on the premises where the violation occurred, the department must not require a subsequent tenant of the premises to pay the fine as a condition to being issued a hemp‑derived beverage license. However, this prohibition does not apply to any person who is related by blood within the third degree or marriage to, is in business with, or is acting for or on behalf of, directly or indirectly, the licensee so fined.

 (B) The burden is on the new tenant to prove that no such relationship exists between him and the licensee.

 Section 46‑56‑210. A license pursuant to the provisions of this title must not be issued, renewed, or transferred unless the department determines that the applicant does not owe the State delinquent taxes, penalties, or interest. If the department determines that delinquent taxes, penalties, or interest are due, the department must notify the applicant of the necessary requirements to comply with this section.

 Section 46‑56‑220. (A) Any person or corporate entity, including limited liability companies and partnerships, located in another state or country who knowingly and intentionally ships, causes to be shipped, or accepts for shipment any hemp‑derived beverages directly to any resident of this State who does not hold a valid producer’s, manufacturer’s, or wholesaler’s license issued by this State is in violation of this chapter.

 (B) Any person, corporation, or partnership found by the department to be in violation of subsection (A) or this subsection must be issued a notice to cease and desist. Any person, corporation, or partnership who, after receiving a cease and desist order, is found by the department to be in violation of subsection (A) of this section for a second or subsequent occurrence within a two-year period of the first violation is guilty of a misdemeanor and, upon conviction, must be punished by a fine not to exceed ten thousand dollars. This subsection does not apply to any person, corporation, or partnership who has registered brands for sale with the pursuant to this title, who has current licenses, and who has posted adequate surety bonds as required by this title; however, violations of subsection (A) constitute grounds for the department to take appropriate administrative action against the person, including suspension or cancellation of license and forfeiture of bonds.

 Section 46‑56‑230. (A) Hemp‑derived beverages must be tested after being manufactured to determine the presence and amounts of the following:

 (1) cannabinoids;

 (2) heavy metals;

 (3) microbials;

 (4) mycotoxins;

 (5) pesticides; and

 (6) residual solvents.

 (B) A producer, wholesaler, or retailer must contract with a third‑party laboratory to provide the testing required by subsection (A). A third‑party laboratory performing such testing must be ISO 17025 accredited and be registered with the United States Drug Enforcement Agency.

 (C) Each batch manufactured must undergo testing and obtain a certificate of analysis by a third‑party laboratory qualified under subsection (B).

 (D) The department must:

 (1) promulgate regulations specifying pass/fail action levels for safety and toxicity with respect to the testing required by subsection (A);

 (2) maintain and post on its website a registry of testing laboratories that are qualified to test intermediate manufactured material and finish products containing a hemp‑derived cannabinoid; and

 (3) develop an application and process by which qualifying laboratories are listed on its website.

The application submitted by a potentially qualifying laboratory must include a sample certificate of analysis issued by the applying laboratory.

 Section 46‑56‑240. (A) Hemp‑derived beverages sold at retail must be labeled with:

 (1) a list of ingredients and possible allergens and a nutritional fact panel;

 (2) the words “CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CERTAIN CANNABINOIDS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE HEAVY MACHINERY. PLEASE USE EXTREME CAUTION.”;

 (3) a statement that the hemp‑derived beverages are not approved for any medical use by the United States Food and Drug Administration;

 (4) the words “KEEP OUT OF REACH OF CHILDREN. CONSULT YOUR PHYSICIAN BEFORE USE IF YOU ARE PREGNANT, BREASTFEEDING, OR TAKING ANY MEDICATIONS.”;

 (5) if the product is ingestible, the amount of cannabinoid in each serving of the product, measured in milligrams;

 (6) the total amount of hemp‑derived cannabinoids, measured in milligrams;

 (7) the net weight of the product;

 (8) an expiration date; and

 (9) a QR code or other commercially reasonable way for a consumer to view the lab testing results for the batch contained inside the can.

 (B) A producer, wholesaler, or retailer of hemp‑derived beverages shall not advertise, market, or offer for sale hemp‑derived beverages by using, in the labeling or design of the product or the product packaging or in advertising or marketing materials of the product trade dress, trademarks, branding, or other related imagery or scenery that depicts or signifies characters or symbols known to appeal primarily to persons under twenty‑one years of age including, but not limited to, superheroes, comic book characters, video game characters, television show characters, movie characters, or mythical creatures.

 (C) A hemp‑derived beverage may not:

 (1) be sold in a serving that contains more than ten milligrams, in the aggregate, of hemp‑derived tetrahydrocannabinol (THC) with concentrations of delta‑9 THC of not more than 0.3 percent on a dry weight basis per twelve ounce serving; or

 (2) be formed into the shape of or that depicts or signifies characters or symbols known to appeal primarily to persons under twenty‑one years of age including, but not limited to, animals, celebrities, superheroes, comic book characters, video game characters, television show characters, movie characters, or mythical creatures.

 Section 46‑56‑250. (A) For violations of any statute or regulation pertaining to hemp‑derived beverages, the department may, in its discretion, impose a monetary penalty upon the holder of a hemp‑derived beverage license in lieu of suspension or revocation.

 (B) In these cases, the amount of any penalty imposed must be determined within the limits prescribed in this section in each case by the department after a hearing as provided in the South Carolina Revenue Procedures Act and the Administrative Procedures Act. For these violations:

 (1) retail licensees are subject to a penalty of not less than twenty‑five dollars nor more than one thousand dollars; and

 (2) wholesale licensees are subject to a penalty of not less than one hundred dollars nor more than one thousand five hundred dollars.

 (C) The department in its discretion may suspend payment of a fine or a monetary penalty imposed under this section.

 (D) If the department imposes a monetary penalty under this section which is not paid or a contested case hearing requested within thirty days after demand by the department, the license or licenses may be suspended or revoked by the department.

 (E) Penalties provided for in this section are in addition to any fines and penalties imposed upon the licensees by any court of competent jurisdiction for violation of the laws of this State.

 (F) Penalties provided for in this section must be paid to the State Treasurer for credit to the general fund of the State for public school use.

 Section 46‑56‑260. (A) It is an offense for a person or entity to engage in the business of manufacturing, producing, importing into the State, or selling products hemp‑derived beverages in this State without a valid license required by this chapter.

 (B) A violation of this section is a Class A misdemeanor. Hemp‑derived beverages that are sold or offered for sale in violation of this section are subject to seizure and forfeiture.

Article 5

Licenses for Sales

 Section 46‑56‑270. (A) A person engaging in the business of selling hemp‑derived beverages must apply to the department for a license to sell these beverages prior to the commencement of business or by January 1, 2026, whichever is later. Each applicant must pay a filing fee of two hundred dollars which is not refundable. A retailer must pay to the department four hundred dollars biennially for a retail license, and a wholesale dealer must pay to the department two thousand dollars biennially for a wholesale license. A producer must pay to the department two thousand dollars biennially for a producer license. A separate license is required for each separate place of business.

 (B) A person who initially applies for a license after the first day of a license period must pay license fees in accordance with the schedule provided in this subsection. During the:

 (1) first quarter of the license period: the entire fee;

 (2) second quarter of the license period: three fourths of the prescribed fee;

 (3) third quarter of the license period: one half of the prescribed fee; and

 (4) final quarter of the license year: one fourth of the prescribed fee.

 (C) A person is not eligible to obtain or maintain a producer, wholesaler, or retailer license while serving a sentence for, or for ten years following completion of a sentence for, a drug‑related felony offense in any state or federal jurisdiction.

 (D) An entity that is in the business of manufacturing, distributing, or selling hemp‑derived beverages in this State, including a manufacturer, wholesaler, or retailer, may not be located within one thousand feet of a school, daycare facility, or other similar locations.

 Section 46‑56‑280. A retail license authorizing the sale of hemp‑derived beverages must not be issued unless:

 (1) the applicant, a partner, or co-shareholder of the applicant, and each agent, employee, and servant of the applicant to be employed on the licensed premises are of good moral character;

 (2) the applicant is a legal resident of the United States, has been a legal resident of this State for at least thirty days before the date of application, and has maintained his principal place of abode in the State for at least thirty days before the date of application;

 (3) the applicant, within two years before the date of application, has not had revoked a hemp‑derived beverage license issued to him;

 (4) the applicant is twenty‑one years of age or older;

 (5) the location of the proposed place of business of the applicant is in the opinion of the department a proper one;

 (6) the department may consider, among other factors, as indications of unsuitable location, the proximity to residences, schools, playgrounds, and churches; and

 (7) at the time of application, a retail license applicant must hold a valid beer and wine permit as defined by Chapter 4, Title 61. Once the retail license provided for in this subsection has been issued, the retailer must continue to maintain a valid beer and wine permit as defined in Chapter 4, Title 61.

 Section 46‑56‑290. (A) When a verified application is filed and upon payment of the prescribed fee, the department must issue a license to the applicant to sell hemp‑derived beverages on the premises described in the application with the department if the department determines that:

 (1) the requisite qualifications and conditions are met;

 (2) the applicant is a fit person to sell hemp‑derived beverages; and

 (3) the location of the proposed place of business is a proper one.

 (B) A misstatement or concealment of fact in an application is a sufficient ground for the revocation of the license.

 Section 46‑56‑300. A person who operates a retail or wholesale business without obtaining a license required in this article is guilty of a misdemeanor and, upon conviction, is subject to a fine of not less than ten dollars nor more than one hundred dollars or imprisonment of not less than ten days nor more than thirty days, in the discretion of the court. Each day that a wholesale or retail business is carried on without a license constitutes a separate offense.

 Section 46‑56‑310. (A) The department has jurisdiction to revoke or suspend licenses authorizing the sale of hemp‑derived beverages. The department may, on its own initiative or on a complaint signed and sworn to by two or more freeholder residents for the preceding six months in the community in which the licensed premises are located or by a local peace officer, revoke or suspend the license pursuant to the South Carolina Revenue Procedures Act. The decision of the Administrative Law Court is not automatically superseded or stayed by the filing of a petition for judicial review.

 (B) In addition to the notice requirements contained in the Administrative Procedures Act, the department may not suspend or revoke a licensee’s license authorizing the sale of hemp‑derived beverages until SLED has conducted and completed an investigation, and the department has made a departmental determination, pursuant to Section 12-60-30, that the licensee’s license should be revoked or suspended.

 Section 46‑56‑320. Upon the revocation, cancellation, or suspension of a license to sell hemp‑derived beverages at wholesale or retail, the licensee must immediately surrender his license to the department. A person who violates this section is guilty of a misdemeanor and, upon conviction, must be fined not less than twenty dollars nor more than one hundred dollars or imprisoned for not less than ten days nor more than thirty days, or both, in the discretion of the court.

 Section 46‑56‑330. It is unlawful for a licensee to sell hemp‑derived beverages at wholesale or retail, to sell or offer to sell hemp‑derived beverages after the license has been revoked or canceled, or during the period of a suspension of the license. A person who violates this section is guilty of a misdemeanor and, upon conviction, must be fined not less than twenty dollars nor more than one hundred dollars or imprisoned for not less than ten days nor more than thirty days, or both, in the discretion of the court.

Article 7

Practices Between Manufacturers, Wholesalers, and Retailers

 Section 46‑56‑340. (A) A manufacturer of hemp‑derived beverages or a person who imports these products produced outside the United States must not sell, barter, exchange, transfer, or deliver for resale hemp‑derived beverages to a person not having a wholesale license issued under this chapter, and a holder of a wholesale license must not sell, barter, exchange, transfer, or deliver for resale hemp‑derived beverages to a person not having a retail or wholesale license.

 (B) A manufacturer of hemp‑derived beverages is declared to be in business on one tier, a wholesaler on another tier, and a retailer on another tier. A person or an entity in the hemp‑derived beverage business on one tier, or a person acting directly or indirectly on his behalf, may not have ownership or financial interest in the hemp‑derived beverage business operation on another tier. This limitation does not apply to the interest held on January 1, 2026, by the holder of a wholesale license in a business operated by the holder of a manufacturer or retail license at premises other than where the wholesale business is operated. For purposes of this subsection, ownership or financial interest does not include the ownership of less than one percent of the stock in a corporation with a class of voting shares registered with the Securities and Exchange Commission or other federal agency under Section 12 of the Securities and Exchange Act of 1934, as amended, or a consulting agreement under which the consultant has no control over business decisions and whose compensation is unrelated to the profits of the business.

 (C) A manufacturer or wholesaler of hemp‑derived beverages may discount product price based on quantity purchases if all discounts are on price only, appear on the sales records, and are available to all customers.

 (D) No person or entity in the hemp‑derived beverage business on one tier may require a person or entity in the hemp‑derived beverage business on another tier to advertise or participate in a discount or special promotion.

Article 9

Enforcement

 Section 46‑56‑350. SLED has the exclusive authority to enforce this chapter in a manner that may reasonably be expected, and shall conduct random, unannounced inspections at locations where such products are sold or distributed to ensure compliance with this chapter.

 Section 46‑56‑360. (A) It is an offense for a person to knowingly sell or distribute hemp‑derived beverages to a person who is under twenty‑one years of age or to purchase hemp‑derived beverages on behalf of a person who is under twenty‑one years of age.

 (B) For purposes of this article, hemp‑derived beverages must be treated as “beer” with regard to sales to underage persons. The provisions of Chapter 4, Title 61 related to sales to underage persons are hereby incorporated by reference and are applicable to the sale of hemp‑derived beverages, including, but not limited to, Sections 61‑4‑50, 61‑4‑60, 61‑4‑80, 61‑4‑90, 61‑4‑100, and 61‑4‑110.

 Section 46‑56‑370. (A) A person engaged in the business of selling at retail hemp‑derived beverages must post in each location for which he has obtained a license a sign with the following words printed thereon: “The possession of hemp‑derived beverages by a person under twenty-one years of age is a criminal offense under the laws of this State, and it is also unlawful for a person to knowingly give false information concerning his age for the purpose of hemp‑derived beverages.” The department must prescribe by regulation the size of the lettering and the location of the sign on the seller’s premises.

 (B) A retail seller of hemp‑derived beverages who fails to display the sign required by this section is guilty of a misdemeanor and, upon conviction, must be fined not more than one hundred dollars or imprisoned for not more than thirty days.

 Section 46‑56‑380. (A) This chapter does not permit a person to:

 (1) undertake any task under the influence of hemp‑derived beverages when doing so would constitute negligence or professional malpractice; or

 (2) operate, navigate, or be in actual physical control of a motor vehicle, aircraft, motorized watercraft, or any other vehicle while under the influence of a hemp‑derived beverage.

 (B) This chapter does not exempt a person from prosecution for a criminal offense related to impairment or intoxication resulting from use of hemp‑derived beverages or relieve a person from any requirement under law to submit to a breath, blood, urine, or other test to detect the presence of a controlled substance.

Article 11

Taxation of Hemp‑Derived Beverages

 Section 46‑56‑390. Hemp‑derived beverages shall be offered for sale in no more than twelve-ounce cans. There must be levied and collected a tax on the sale of hemp‑derived beverages based upon the following:

 (1) for each hemp‑derived beverage containing five milligrams or less of THC, a tax of six tenths of a cent per ounce shall be levied and collected; and

 (2) for each hemp‑derived beverage containing more than five milligrams or more of THC, but no more than ten milligrams of THC, a tax of one and two tenths per ounce must be levied and collected.

 Section 46‑56‑400. The tax prescribed in this article must be paid by requiring each wholesaler to make a report to the Department of Revenue, in the form the department prescribes, of all hemp‑derived beverages sold or disposed of within this State by the wholesaler and to pay the tax due thereon no later than the twentieth of the month following the sale of the hemp‑derived beverages. Any wholesaler who fails to file the report or to pay the tax as prescribed in this section must pay a penalty of one quarter of one percent of the amount of the tax due and unpaid or due and unreported amount for each day the tax remains unpaid or unreported. The penalty must be assessed and collected by the Department of Revenue in the manner as other taxes are assessed and collected. The Department of Revenue may grant any wholesaler extensions of time for filing the reports and paying the taxes prescribed in this article and no penalties may be assessed or collected to the extent that the extensions of time are granted.

 Section 46‑56‑410. (A) Under the reporting method of tax payment on sales of hemp‑derived beverages prescribed pursuant to Section 46‑56‑400, the Department of Revenue must allow a discount of two percent to the wholesaler on the amount of tax reported on each monthly report.

 (B) In no case may any discount be allowed if the taxes are not paid in full or if either the report or the taxes are received by the department after the date due, or after the expiration of any extension granted by the department.

 Section 46‑56‑420. Every person, firm, corporation, club, or association, or any organization or individual within this State, importing, receiving, or acquiring from outside the State or from any other sources whatsoever, hemp‑derived beverages as defined in this chapter on which the tax imposed by this chapter has not been paid, for use or consumption within the State, must be subject to the payment of a license tax at the same rates provided in Section 46‑56‑390.

 Section 46‑56‑430. The taxes provided for in this article are in lieu of all other taxes and licenses on hemp‑derived beverages of the State, the county, or the municipality, except the sales and use tax or the local hospitality tax, and include licenses for its delivery by the wholesaler.

 Section 46‑56‑440. The Department of Revenue may promulgate rules and regulations for the payment and collection of the taxes levied by this article. The administrative provisions of Section 12‑21‑2870, wherever applicable, are adopted for the administration and enforcement of the provisions of this article.

 Section 46‑56‑450. The Department of Revenue, or any agent or representative designated by it for that purpose, and all peace officers or police officers of the State may enter upon the premises of any person selling or offering for sale any hemp‑derived beverages without a warrant and examine or cause to be examined any books, records, papers, memoranda, or commodities and secure any other information directly or indirectly pertaining to the enforcement of this article.

 Section 46‑56‑460. The cost of stamps, supplies, and other expenses of the administration of this article must be paid out of the proceeds derived from the collection of this tax upon warrants drawn by the Department of Revenue upon the State Treasurer.

 Section 46‑56‑470. The hemp‑derived beverage taxes and license fees provided for by this article must be paid to and collected by the Department of Revenue and deposited to the credit of the general fund of the State.

 Section 46‑56‑480. The state’s portion of all revenue derived from the sale of hemp‑derived beverages must be paid to the State Treasurer for credit to the special school account on the last day of each month. The Department of Revenue must transfer to the special school account from any unallocated funds on hand on the last day of each month the state’s portion of such revenue.

 Section 46‑56‑490. In all cases, the applicant for a certificate of registration required by this article, as a condition precedent to the issue of such certificate of registration, must certify that the Department of Revenue has the right within statutory limitations to audit and examine the books and records, papers, and memoranda of the applicant with respect to the administration and enforcement of laws administered by the Department of Revenue.

 Section 46‑56‑500. Any hemp‑derived beverages shipped or moved into the geographic limits of this State in violation of any provision of this chapter is hereby declared contraband and may be seized and sold as provided for in Section 61‑6‑4310.

 Section 46‑56‑510. The Department of Revenue must administer and enforce the provisions of this article.

 Section 46‑56‑520. The Department of Revenue has the power to make such rules and regulations, not inconsistent with law, deemed necessary for the proper administration and enforcement of this article. Such rules and regulations shall have the full force and effect of law.

 Section 46‑56‑530. All monies received by the Department of Revenue under the provisions of this chapter must be deposited with the State Treasurer to the credit of the general fund of the State.

 Section 46‑56‑540. A person, firm, corporation, club, association, or any organization within this State may not bring, ship, transport, or receive into this State in any manner whatsoever any hemp‑derived beverages as defined in Section 45‑56‑20 for sale except duly licensed hemp‑derived beverage wholesale distributors. A person, firm, corporation, club, or association in violation of this section is subject to a penalty of not less than twenty‑five dollars nor more than one thousand dollars, to be assessed and collected by the Department of Revenue in the same manner and with like effect as other taxes are collected.

SECTION 2. This act takes effect upon approval by the Governor.

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