



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Incarceration Fiscal Note

Short Title: The Protect Children from Cannabis Act.
Bill Number: House Bill 680 (First Edition)
Sponsor(s): Rep. Reeder, Rep. Chesser, and Rep. Cotham

FISCAL IMPACT SUMMARY

Criminal offenses are classified as misdemeanors (Class 3 as the lowest and Class A1 as the highest) and felonies (Class I to Class A). There are three types of legislative changes to offenses that may result in a fiscal impact on the State's criminal justice system: creating a new offense, changing the class of an existing offense, or changing the scope of an existing offense.

This proposed legislation would **create eleven new misdemeanor offenses** related to the sale and distribution of hemp-derived consumable products. Because these are new charges, there is no data to predict how many additional individuals may be charged or convicted. **Therefore, Fiscal Research is unable to project the fiscal impact** of the proposals in this bill.

Each additional person charged under the proposed offenses will have a cost to the judicial system and each additional person convicted will have a cost to the correction system. The **cost of one charge and conviction** is listed in the table below, along with the percentage of cases that incur those costs at that offense level.

Cost of One Charge and Conviction										
	Prosecution and Defense		Active Sentence				Suspended Sentence			
Offense Class	Admin. Office of the Courts	Indigent Defense Services	DAC - Confinement			DAC - Post-Release Supervision (PRS)		DAC - Probation		
Misdemeanor	Cost	Cost	Rate	Cost	Length (Mo.)	Cost	Length (Mo.)	Rate	Cost	Length (Mo.)
1	\$346	\$254	Active sentences for misdemeanor convictions are served in County jail.			Misdemeanants do not receive PRS.		61%	\$3,931	14
2	\$183	\$254						75%	\$3,650	13
Note: Court costs reflect the average cost per disposition. Costs for active sentences, probation, and post-release supervision reflect the total cost of the sentence or supervision period. Costs to the Statewide Misdemeanant Confinement Program (SMCP) only occur for active sentences > 90 days and impaired driving. The triangle symbols (▲) represent change, plus and minus (+/-) symbols reflect the increase or decrease in cost or time from the current to proposed changes in charge levels.										



FISCAL IMPACT OF H.B.680, V.1					
	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
General Fund Impact	No Estimate Available - Refer to Fiscal Analysis section				
NET STATE IMPACT	No Estimate Available - Refer to Fiscal Analysis section				
TECHNICAL CONSIDERATIONS: See Technical Considerations Section					

FISCAL ANALYSIS

Section 1 of the bill adds Chapter 18D – *Regulation of Hemp-Derived Consumable Products* – to the General Statutes. The new chapter outlines the permitting process and regulatory scheme for the sale of hemp-derived consumable products. Section 1 of the bill creates a **total of eleven new misdemeanor offenses** for violating Chapter 18D, including **five new Class 1 misdemeanors for any violations that are not specified as having another offense level**. Violations covered by these new Class 1 misdemeanor offenses include the following:

- G.S. 18D-200 – *Permit Required* – Makes it unlawful to sell a hemp-derived consumable product without a permit issued by the North Carolina Alcoholic Beverage Control (ABC) Commission.
- G.S. 18D-302 – *Application for Permit; Fees* – Makes it unlawful to make a false statement in an application for a permit to sell hemp-derived consumable products.
- G.S. 18D-304 – *Miscellaneous Provisions Concerning Permits* – Specifies the scope and authority of permits for selling hemp-derived consumable products and makes it unlawful to obtain or use a permit in a manner inconsistent with this authority.
- G.S. 18D-401 – *Conduct on Licensed Premises* – Makes it unlawful for a permittee to knowingly allow any of the following to occur on the premises of an establishment licensed to sell hemp-derived consumable products: preventable fighting or disorderly conduct; violations of controlled substance, gambling, or prostitution statutes; or any violation of Chapter 18D.
- G.S. 18D-402 – *Miscellaneous Sale Provisions* – Makes it unlawful to produce, possess, or display a false or facsimile permit on a licensed premise; refuse to surrender any permit to the ABC Commission when demanded; offer hemp-derived consumable products for sale in a vending machine; distribute any hemp-derived consumable product not approved by the Food and Drug Administration (FDA); or sell any hemp-derived consumable product other than a manufacturer’s original, sealed product that complies with federal labeling requirements.



Section 1 of the bill **specifies six new Class 2 misdemeanor offenses** for the following violations under the new chapter:

- G.S. 18D-102 – *Inspection of Licensed Premises* – Makes it unlawful for anyone to resist or obstruct an officer attempting to inspect a premise licensed to sell hemp-derived consumable products.
- G.S. 18D-500 – *Sales to Persons Under the Age of 21* – Makes it unlawful to sell or aid someone in selling a hemp-derived consumable product to anyone under the age of 21, and makes it unlawful to purchase such a product on behalf of someone under the age of 21. These are two separate offenses.
- G.S. 18D-501 – *Purchase by Persons Under the Age of 21* – Makes it unlawful for anyone under the age of 21 to present false or fraudulent proof-of-age in attempt to purchase hemp-derived consumable products.
- G.S. 18D-502 – *Aiding or Abetting a Person Under the Age of 21 to Purchase or Receive Hemp-Derived Consumable Products* – Makes it unlawful for anyone who is 21 or older to send a person under the age of 21 to acquire hemp-derived consumable products, and makes it unlawful for anyone who is 21 or older to aid or abet a person under the age of 21 in acquiring hemp-derived consumable products. These are two separate offenses.

Finally, the bill also creates several infractions punishable by fine for various permittee violations, but those offenses will have no impact on the judicial or correctional systems and so are not discussed further in this analysis.

Because these are all new offenses, there is no historic data available for cost projections. As such, **Fiscal Research is unable to provide any cost projections for this bill.**

Capital Expenses

Capital costs emerge when prison bed demand exceeds capacity. Based on the most recent prison population and bed capacity projections from the Sentencing and Policy Advisory Commission (SPAC), the State will have sufficient prison beds available beyond the five-year fiscal note horizon. Therefore, Fiscal Research anticipates there will be **no additional prison capital requirements** as a result of this proposed legislation.

Operating Expenses

The table in the Fiscal Impact Summary lists the costs specific to the charges included in this proposal.

TECHNICAL CONSIDERATIONS

- Offense changes are typically effective on December 1. FRD assumes that costs incurred in the first year to the judicial and correction systems would be less than annualized costs due to lag time in charges and convictions.
- This estimate assumes that expanding existing or creating new criminal offenses produces no deterrent or incapacitative effect on crime rates. Likewise, FRD assumes no deterrent effects for any modifications to criminal penalties. The estimates in this Incarceration Note make no assumptions about the larger impact on crime rates or costs to society or the State.



- This estimate makes no prediction regarding the likelihood that a prosecutor will charge an offense based on any proposed increases or decreases to the offense class level. This estimate also does not attempt to predict the impact of offense class changes on plea negotiations. FRD assumes the proposed offense class is charged and convicted at the same rate as the prior level.
- For reference, Appendix A to this document shows the costs per charge/conviction for each class of offense in North Carolina.

DATA SOURCES

Department of Adult Correction; Administrative Office of the Courts; North Carolina Sentencing and Policy Advisory Commission; Office of Indigent Defense Services.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis and Technical Consideration sections of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices



APPENDIX A: COSTS PER CHARGE/CONVICTION BY OFFENSE CLASS

Cost of One Charge and Conviction										
	Prosecution and Defense		Active Sentence					Suspended Sentence		
Offense Class	Admin. Office of the Courts	Indigent Defense Services	DAC - Confinement			DAC - Post-Release Supervision (PRS)		DAC - Probation		
Felony	Cost	Cost	Rate	Cost	Length (Mo.)	Cost	Length (Mo.)	Rate	Cost	Length (Mo.)
A	\$70,930	\$9,190	100%	NA	Life	N/A	N/A	0%	\$0	0
B1	\$30,500	\$3,668	100%	\$622,245	231	\$3,370	12	0%	\$0	0
B2	\$22,638	\$3,668	100%	\$371,731	138	\$3,370	12	0%	\$0	0
C	\$10,994	\$2,250	100%	\$223,577	83	\$3,370	12	0%	\$0	0
D	\$8,984	\$1,503	100%	\$161,622	60	\$3,370	12	0%	\$0	0
E	\$4,197	\$890	57%	\$70,036	26	\$3,370	12	43%	\$8,986	32
F	\$2,364	\$765	54%	\$48,487	18	\$2,527	9	46%	\$8,424	30
G	\$1,951	\$660	41%	\$40,406	15	\$2,527	9	59%	\$7,301	26
H	\$1,300	\$517	36%	\$26,937	10	\$2,527	9	64%	\$6,739	24
I	\$946	\$430	16%	\$16,162	6	\$2,527	9	84%	\$5,897	21
Misdemeanor	Cost	Cost	Rate	Cost	Length (Mo.)	Cost	Length (Mo.)	Rate	Cost	Length (Mo.)
A1	\$599	\$284	Active sentences for misdemeanor convictions are served in County jail.			Misdemeanants do not receive PRS		61%	\$4,493	16
1	\$346	\$254						61%	\$3,931	14
2	\$183	\$254						75%	\$3,650	13
3	\$63	\$210						82%	\$3,650	13

Note: Court costs reflect the average cost per disposition. Costs for active sentences, probation, and post-release supervision reflect the total cost of the sentence or supervision period. Active sentence cost represents the average monthly cost per offender, not the cost of adding one new offender to the prisoner population. Costs to the Statewide Misdemeanant Confinement Program (SMCP) only occur for active sentences > 90 days and for impaired driving.

