

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
95th General Assembly  
Regular Session, 2025

# A Bill

HOUSE BILL 1722

By: Representative J. Moore

By: Senator G. Stubblefield

## For An Act To Be Entitled

AN ACT TO PROVIDE FOR THE REGULATION OF HEMP-DERIVED PRODUCTS BY THE ARKANSAS TOBACCO CONTROL BOARD; TO AMEND THE ARKANSAS LAW TO ALLOW THE REGULATION AND PURCHASE OF HEMP-DERIVED PRODUCTS; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

TO PROVIDE FOR THE REGULATION OF HEMP-DERIVED PRODUCTS BY THE ARKANSAS TOBACCO CONTROL BOARD; TO AMEND THE ARKANSAS LAW TO ALLOW THE REGULATION AND PURCHASE OF HEMP-DERIVED PRODUCTS; AND TO DECLARE AN EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 5-64-101(16)(B)(vi), concerning the exclusion from the definition of "marijuana" within the Uniform Controlled Substances Act, is amended to read as follows:

(vi) ~~Hemp derived cannabidiol that:~~ Hemp as defined in § 20-56-501 et seq., or

~~(a) Contains not more than three tenths of one percent (0.3%) of delta 9 tetrahydrocannabinol (THC) on a dry weight basis as verified by a nationally accredited laboratory for quality, purity, and accuracy standards; and~~

~~(b) Is not approved by the United States Food and Drug Administration for marketing as a medication;~~



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SECTION 2. Arkansas Code § 5-64-215(a)(2), concerning the substances in Schedule VI of the Uniform Controlled Substances Act, is amended to read as follows:

(2) Tetrahydrocannabinols, unless the tetrahydrocannabinol is:

(A) Contained in ~~hemp derived cannabidiol~~ hemp or a hemp-derived product under § 20-56-501 et seq.;

~~(B) Not more than three tenths of one percent (0.3%) of delta-9 tetrahydrocannabinol in the hemp derived cannabidiol on a dry weight basis as verified by a nationally accredited laboratory for quality, purity, and accuracy standards; and~~

~~(C)(B) Not approved~~ Approved by the United States Food and Drug Administration for marketing as a medication;

SECTION 3. Arkansas Code § 5-64-215(a)(5)(A)(i), concerning the substances in Schedule VI of the Uniform Controlled Substances Act, is amended to read as follows:

(A)(i) Tetrahydrocannabinols, including without limitation the following:

(a) Delta-1 cis or trans tetrahydrocannabinol, ~~otherwise known as a delta-9 cis or trans tetrahydrocannabinol,~~ and its optical isomers;

(b) Delta-6 cis or trans tetrahydrocannabinol, ~~otherwise known as a delta-8 cis or trans tetrahydrocannabinol,~~ and its optical isomers; and

(c) Delta-3,4 cis or trans tetrahydrocannabinol, ~~otherwise known as a delta-6a,10a cis or trans tetrahydrocannabinol,~~ and its optical isomers;

~~(d) Delta-10 cis or trans tetrahydrocannabinol, and its optical isomers;~~

~~(e) Delta-8 tetrahydrocannabinol acetate ester;~~

~~(f) Delta-9 tetrahydrocannabinol acetate ester;~~

~~(g) Delta-6a,10a tetrahydrocannabinol acetate ester;~~

~~(h) Delta 10 tetrahydrocannabinol acetate ester;~~

~~(i) A product derived from industrial hemp that was produced as a result of a synthetic chemical process that converted the industrial hemp or a substance contained in the industrial hemp into delta 8, delta 9, delta 6a, 10a, or delta 10 tetrahydrocannabinol including their respective acetate esters; and~~

~~(j) Any other psychoactive substance derived therein.~~

SECTION 4. Arkansas Code § 19-6-831, effective until the contingency in Acts 2023, No. 629, § 17, is met, is amended to read as follows:

19-6-831. Arkansas Tobacco Control Revenue Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of the State, and the Chief Fiscal Officer of the State a special revenue fund to be known as the "Arkansas Tobacco Control Revenue Fund".

(b)(1) All permit and license fees received by Arkansas Tobacco Control under the Arkansas Tobacco Products Tax Act of 1977, § 26-57-201 et seq., and § 20-56-501 et seq. shall be deposited into the State Treasury as special revenues to the credit of the fund.

(2) The fund also shall consist of any other revenues authorized by law.

(c)(1) The fund shall be used for expenses incurred by Arkansas Tobacco Control in the organization, maintenance, operation, and merchant education and training with regard to enforcement of § 5-27-227, the Arkansas Tobacco Products Tax Act of 1977, § 26-57-201 et seq., § 20-56-501 et seq., and the Unfair Cigarette Sales Act, § 4-75-701 et seq.

(2) Expenditures of moneys in the fund are subject to the General Accounting and Budgetary Procedures Law, § 19-4-101 et seq., the Arkansas Procurement Law, § 19-11-201 et seq., and other applicable fiscal laws.

(3) The receipts and disbursements of Arkansas Tobacco Control shall be audited annually by Arkansas Legislative Audit.

SECTION 5. Arkansas Code § 19-6-831, effective if the contingency in Acts 2023, No. 629, § 17, is met, is repealed.

~~19-6-831. Arkansas Tobacco Control Revenue Fund.~~

~~(a) There is created on the books of the Treasurer of State, the Auditor of the State, and the Chief Fiscal Officer of the State a special revenue fund to be known as the "Arkansas Tobacco Control Revenue Fund".~~

~~(b)(1) All permit and license fees received by Arkansas Tobacco Control under the Arkansas Tobacco Products Tax Act of 1977, § 26-57-201 et seq., and § 20-56-401 et seq., shall be deposited into the State Treasury as special revenues to the credit of the fund.~~

~~(2) The fund also shall consist of any other revenues authorized by law.~~

~~(c)(1) The fund shall be used for expenses incurred by Arkansas Tobacco Control in the organization, maintenance, operation, and merchant education and training with regard to enforcement of § 5-27-227, the Arkansas Tobacco Products Tax Act of 1977, § 26-57-201 et seq., § 20-56-401 et seq., and the Unfair Cigarette Sales Act, § 4-75-701 et seq.~~

~~(2) Expenditures of moneys in the fund are subject to the General Accounting and Budgetary Procedures Law, § 19-4-101 et seq., the Arkansas Procurement Law, § 19-11-201 et seq., and other applicable fiscal laws.~~

~~(3) The receipts and disbursements of Arkansas Tobacco Control shall be audited annually by Arkansas Legislative Audit.~~

SECTION 6. Arkansas Code Title 20, Chapter 56, is amended to add an additional subchapter to read as follows:

Subchapter 5 - Hemp-Derived Products

20-56-501. Purpose.

It is the intent of this subchapter to provide regulation of hemp-derived products to:

(1) Assure that when hemp-derived products are distributed in this state, they are not contaminated and are distributed only to persons authorized to receive hemp-derived products;

(2) Protect and promote the public health and welfare of the residents of this state;

(3) Provide for the close supervision and control of the permitting of persons to sell hemp and hemp-derived products in this state to

ensure that hemp and hemp-derived products are fresh, not contaminated, and are properly taxed, stamped, stored, and distributed only to persons authorized to receive hemp and hemp-derived products in this state;

(4) Impose permits, fees, taxes, and restrictions on the privilege of dealing in or otherwise doing business in hemp and hemp-derived products in order to promote the public health and welfare of the residents of this state and to protect the revenue collection procedures incorporated within this subchapter; and

(5) Create a three-tiered system of a manufacturer, wholesaler, and retailer of hemp and hemp-derived products.

20-56-502. Applicability.

(a) This subchapter does not permit a person to:

(1) Undertake a task under the influence of hemp-derived products when doing so would constitute negligence or professional malpractice; or

(2) Possess, smoke, or otherwise engage in the use of hemp or hemp-derived products:

(A) On a school bus;

(B) On the grounds of a daycare center, preschool, primary or secondary school, college, or university;

(C) At a drug or alcohol treatment facility;

(D) At a community or recreation center;

(E) In a correctional facility;

(F) On any form of public transportation; or

(G) On any property that is under control of the Arkansas National Guard or the United States military; or

(H) In the operation, navigation, or actual physical control of a motor vehicle, aircraft, motorized watercraft, or any other vehicle drawn by power other than muscle power while under the influence of hemp-derived products.

(b) This subchapter does not require:

(1) An employer to accommodate the ingestion of hemp-derived products in a workplace or an employee working while under the influence of hemp-derived products;

(2) An individual or establishment in lawful possession of

property to allow a guest, client, customer, or other visitor to use hemp-derived products on or in that property; or

(3) An individual or establishment in lawful possession of property to admit a guest, client, customer, or other visitor who is inebriated as a result of his or her use of hemp-derived products.

20-56-503. Definitions.

As used in this subchapter:

(1) "Annual" or "annually" means the fiscal year from July 1 through the next June 30;

(2) "Approved laboratory" means a laboratory that is accredited by the National Institute on Drug Abuse, the National Environmental Laboratory Accreditation Conference, the International Organization for Standardization or similar accrediting entity as determined by Arkansas Tobacco Control and that has been approved by the Director of Arkansas Tobacco Control specifically for the testing of hemp-derived products;

(3) "Consumer" means a member of the public at large;

(4)(A) "Current use of hemp or hemp-derived product" means use of hemp-derived products that justifies the good faith belief of an employer that an applicant or employee is engaging in the use of hemp or hemp-derived product.

(B) "Current use of hemp or hemp-derived product" is presumed when a positive test result for delta-9 tetrahydrocannabinol-9 carboxylic acid, also known as THCA;

(5) "Days" means calendar days unless otherwise specified;

(6) "Employee" means an individual employed by an employer;

(7) "Employer" means an entity that employs one (1) or more employees or independent contractors;

(8)(A) "Good faith belief" means reasonable reliance on a fact, or that which is held out to be factual, without intent to deceive or be deceived and without reckless or malicious disregard for the truth.

(B) "Good faith belief" does not include a belief formed with gross negligence.

(C) "Good faith belief" may be based on any of the following:

(i) Observed conduct, behavior, or appearance;

(ii) Information reported by a person believed to be reliable, including without limitation a report by a person who witnessed the use or possession of hemp or hemp-derived products by an applicant or employee in the workplace;

(iii) Written, electronic, or verbal statements from the employee or other persons;

(iv) Lawful video surveillance;

(v) A record of a government agency, law enforcement agency, or court;

(vi) A positive test result for delta-9 tetrahydrocannabinol-9 carboxylic acid;

(vii) A warning label, usage standard, or other printed material that accompany instructions for usable hemp or hemp-derived products;

(viii) Information from a physician, medical review officer, or a retailer;

(ix) Information from reputable reference sources in print or on the internet;

(x) Other information reasonably believed to be reliable or accurate; or

(xi) Any combination of the items listed in subdivision (8)(C)(i)-(x) of this section;

(9) "Hemp" means the plant Cannabis sativa and any part of the plant, including the seeds of the plant, and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths percent (0.3%) on a dry weight basis;

(10) "Hemp-derived e-liquid product" means a liquid hemp-derived product that contains hemp that is inhaled when using a vapor product, and that may or may not include without limitation propylene glycol, vegetable glycerin, and flavorings;

(11)(A) "Hemp-derived product" means a product intended for human consumption including consumption by vapor inhalation as defined in this subchapter, or a component of a product, that is derived from hemp, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, and any product made from such derivatives.

(B) "Hemp-derived product" includes a hemp-derived e-liquid product and a vapor product.

(C) "Hemp-derived product" does not include:

(i) A product intended for animal consumption or use;

(ii) A cosmetic as defined by § 20-56-202;

(iii) Any marijuana, medical marijuana, or other cannabis product containing delta-9 tetrahydrocannabinol greater than three-tenths percent (0.3%) on a dry weight basis as administered, licensed, and otherwise regulated by the Alcoholic Beverage Control Division, the Medical Marijuana Commission, and the Department of Health under the Arkansas Medical Marijuana Amendment of 2016, Arkansas Constitution, Amendment 98;

(iv) A raw hemp product, including any intact plant, flower, buds, leaves, or stems;

(v) A drug in the form for which an application filed in accordance with 21 U.S.C. § 355 is approved by the United States Food and Drug Administration;

(vi) A dietary supplement as defined by the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq.; or

(vii) A fabric, textile, cordage, fiber, fuel, paper, construction material, plastic, seed, seed meal, and seed oil;

(12)(A) "Manufacturer" means a person that manufactures, fabricates, assembles, or processes a hemp-derived product, including without limitation federally licensed importers and federally licensed distributors that deal in hemp-derived products.

(B) "Manufacturer" includes:

(i) An entity representing the manufacturer with regard to the sale of hemp-derived products produced by the manufacturer to wholesalers or permitted retailers; and

(ii) A person that mixes, compounds, extracts, infuses, blends, processes, repackages, or resizes hemp-derived products including the extraction of cannabinoids from hemp biomass.

(C) "Manufacturer" does not include a person that engages in the agricultural production of hemp, such as growing, planting, and harvesting of raw hemp biomass regulated by the State Plant Board;

(13) "Minor" means a person who is under twenty-one (21) years

of age;

(14) "Person" means an individual, retailer, wholesaler, manufacturer, firm, association, company, partnership, limited liability company, corporation, joint-stock company, club, agency, syndicate, the State of Arkansas, county, municipal corporation or other political subdivision of the state, receiver, trustee, fiduciary, or trade association;

(15) "Place of business" means the physical location:

(A) Where orders for hemp-derived products are taken or received or where hemp-derived products are sold; and

(B) That is on file with Arkansas Tobacco Control;

(16) "Positive test result" means a result that is at or above the cutoff concentration level established by the United States Department of Transportation or state laws regarding being under the influence of delta-9 tetrahydrocannabinol, whichever is lower;

(17) "Retailer" means a person that purchases hemp-derived products from permitted wholesalers for the purpose of selling the hemp-derived products in person and over the counter at retail to consumers;

(18)(A) "Safety sensitive position" means any position involving a safety sensitive function under federal regulations governing drug and alcohol testing adopted by the United States Department of Transportation or any other rules, guidelines, or regulations adopted by any other federal or state agency.

(B) "Safety sensitive position" also means any position designated in writing by an employer as a safety sensitive position in which a person performing the position while under the influence of hemp-derived products may constitute a threat to health or safety, including without limitation a position:

(i) That requires any of the following activities:

(a) Carrying a firearm;

(b) Performing life-threatening procedures;

(c) Working with confidential information or documents pertaining to criminal investigations; or

(d) Working with hazardous or flammable materials, controlled substances, food, or medicine; or

(ii) In which a lapse of attention could result in injury, illness, or death, including without limitation a position that

includes the operating, repairing, maintaining, or monitoring of heavy equipment, machinery, aircraft, motorized watercraft, or motor vehicles as part of the job duties;

(19)(A) "Sale" or "sell" means a transfer, exchange, or barter in any manner or by any means for any consideration, including distributing or shipping hemp-derived product in connection with a sale.

(B) A sale "in" or "into" a state refers to the state in which the destination point of the hemp-derived product is located in the sale without regard to where title was transferred.

(C) A sale "from" a state refers to the sale of a hemp-derived product that is located in that state to the destination in question without regard to where title was transferred;

(20) "Self-service display" means a display:

(A) That contains a hemp-derived product, or any component of a hemp-derived product;

(B) That is located in an area where customers are permitted; and

(C) In which the hemp-derived product, or any component of a hemp-derived product is readily accessible to a customer without the assistance of a salesperson;

(21) "Tetrahydrocannabinol" means a compound that is the natural, primary active cannabinoid substance or its equivalent contained in the plant of the genus cannabis or in the resinous extracts of the plant, including derivatives or isomers derived from such cannabinoids;

(22)(A) "Under the influence" means symptoms of the current use of hemp or hemp-derived products that may negatively impact the performance of job duties or tasks or constitute a threat to health or safety.

(B) "Under the influence" includes without limitation:

(i) Symptoms of the applicant's or employee's speech, walking, standing, physical dexterity, agility, coordination, actions, movement, demeanor, appearance, clothing, odor, or other irrational or unusual behavior that are inconsistent with the usual conduct of the applicant or employee;

(ii) Negligence or carelessness in operating equipment, machinery, or production or manufacturing processes;

(iii) Disregard for safety;

(iv) Involvement in an accident that results in:  
(a) Damage to equipment, machinery, or  
property;  
(b) Disruption of a production or  
manufacturing process; or  
(c) An injury; or  
(v) Other symptoms causing a reasonable suspicion  
that the current use of hemp or hemp-derived products may negatively impact  
the performance of job duties or tasks or constitute a threat to health or  
safety;

(23) "Vapor product" means a hemp-derived product that is an  
electronic oral device of any size or shape that contains a vapor of hemp or  
hemp-derived e-liquid product that when used or inhaled simulates smoking,  
regardless of whether a visible vapor is produced, including without  
limitation a device that:

(A) Is composed of a heating element, battery, electronic  
circuit, chemical process, mechanical device, or a combination of heating  
element, battery, electronic circuit, chemical process, or mechanical device;

(B) Works in combination with a cartridge, other  
container, or liquid delivery device containing hemp or hemp-derived e-liquid  
product and manufactured for use with vapor products;

(C) Is manufactured, distributed, marketed, or sold as any  
type or derivation of a vapor product, e-cigarette, e-cigar, e-pipe, or any  
other produced name or descriptor; and

(D) Does not include a product regulated as a drug or  
device by the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq.,  
as it existed on January 1, 2015;

(24) "Warehouse" means a place where hemp-derived products are  
stored for another person and to or from which place the hemp-derived  
products are shipped or delivered upon order by the owner of the hemp-derived  
products to the warehouse; and

(27) "Wholesaler" means a person that:

(A) Does business within the state;

(B) Purchases hemp-derived products from any source;

(C) Distributes or sells the hemp-derived products to  
other wholesalers or retailers; and

(D) Does not distribute or sell the tobacco products, vapor products, alternative nicotine products, or e-liquid products at retail to consumers.

20-56-504. Construction – Prohibitions.

(a) A hemp-derived product shall not be delivered, sold, or otherwise distributed in this state except in conformity with all applicable laws and regulations, including this subchapter and rules promulgated under this subchapter.

(b) A person shall not sell, deal with, deliver, cause to be delivered to a retailer or consumer, or otherwise do business in hemp-derived products without first registering with the Director of Arkansas Tobacco Control and obtaining a permit for that purpose.

(c) A product intended for human consumption or inhalation that is derived from hemp and contains tetrahydrocannabinol shall not be permitted or allowed under the laws of this state, other than hemp-derived products.

(d) A hemp-derived product shall be prepackaged and shelf stable.

(e) A hemp-derived product shall not contain or include any of the following:

(1) Alcoholic beverages, including without limitation beer, wine, intoxicating liquor, or any other alcoholic beverage as defined by the Arkansas Alcoholic Control Act, § 3-1-101 et seq., and § 3-5-202;

(2) Products containing nicotine or tobacco;

(3) Inhalable products or other products labeled or advertised for the purpose of smoking or in the form of a cigarette, cigar, or pre-roll, or packaged or combined with other items designed to facilitate smoking such as rolling papers or pipes, except hemp-derived e-liquid products; or

(4) Medical devices, prescription drugs, or drugs otherwise approved by the United States Food and Drug Administration.

(f) The business of handling, receiving, possessing, storing, distributing, taking orders for, soliciting orders of, selling, offering for sale, and dealing in, through sale, barter, or exchange, hemp-derived products is declared to be a privilege under the laws of the State of Arkansas.

20-56-505. Permits.

(a)(1) Each person listed in this section, before commencing business, or if already in business, before continuing business, shall pay an annual privilege fee and secure a permit from the Director of Arkansas Tobacco Control.

(2) A person purchasing an existing permitted retail location may, with the permission of the seller and Arkansas Tobacco Control, operate under the selling owner's permit for no more than thirty (30) days from the date of the sale.

(b)(1) In addition to securing a permit under subsection (a) of this section, a manufacturer whose products are sold in this state shall register the business with the Secretary of the Department of Finance and Administration.

(2) A wholesaler of hemp-derived products shall secure the proper wholesale permit.

(3) Every retailer of hemp-derived products that operates a place of business shall secure the proper retail permit.

(4) Before issuing a manufacturer, wholesaler, or retailer permit, Arkansas Tobacco Control shall determine that the permit is not being issued in violation of prohibitions under § 20-56-506.

(c)(1) Permits shall be issued as follows:

(A) A permit for a sole proprietorship is issued in the owner's name and in the fictitious business name, if any;

(B)(i) A permit for a partnership or limited liability company is issued in the name of:

(a) The managing partner or managing member;  
and

(b) The partnership or limited liability company.

(ii) If the managing partner or managing member of a limited liability company is a partnership, limited liability company, or corporation, then the permit shall be issued in the name of:

(a) The president or chief executive officer;  
and

(b) The partnership or limited liability company; and

(C) A permit for a publicly traded or nonpublicly traded

corporation is issued in the name of the president or chief executive officer of the corporation and in the name of the corporation.

(2) It is a violation for a permitted entity not to provide written notification to the director within thirty (30) days of a change in the following:

(A) The managing member of a partnership, managing member of a limited liability company, or president or chief executive officer of a corporation, partnership, or limited liability company; or

(B) The stockholders effecting twenty-five percent (25%) or more of the total voting shares of a nonpublicly traded corporation.

(d)(1) When an entity transfers a business permitted under this subchapter, the entity to which the business is transferred:

(A) Shall apply for a new permit under this subchapter;

(B) May be issued a new permit under this subchapter; and

(C) May operate under the selling entity's permit for no more than thirty (30) days from the date of the sale.

(2) When a partnership or limited liability company permitted under this subchapter changes, removes, or replaces the managing partner, managing member, president, or chief executive officer:

(A) The existing permit issued under this subchapter is void; and

(B) The partnership or limited liability company:

(i) Shall apply for a new permit under this subchapter;

(ii) May be issued a new permit under this subchapter; and

(iii) May operate under the voided permit for no more than thirty (30) days from the date of the change, removal, or replacement of the managing member of a partnership, managing member of a limited liability company, or president or chief executive officer of a corporation, partnership, or limited liability company.

(3) When a nonpublicly traded corporation permitted under this subchapter changes, removes, or replaces the president or chief executive officer named on the permit or changes, removes, or replaces a stockholder who owns fifty percent (50%) or more of the total voting shares of the nonpublicly traded corporation's stock:

(A) The permit issued under this subchapter is void; and

(B) The nonpublicly traded corporation:

(i) Shall apply for a new permit under this subchapter;

(ii) May be issued a new permit under this subchapter; and

(iii) May operate under the voided permit for no more than thirty (30) days from the date of the change, removal, or replacement of the president, chief executive officer, or stockholder.

(4) When a publicly traded corporation permitted under this subchapter changes, removes, or replaces the president or chief executive officer named on the permit or changes, removes, or replaces a stockholder who owns fifty percent (50%) or more of the total voting shares of the publicly traded corporation's stock:

(A) The permit issued under this subchapter is void; and

(B) The publicly traded corporation:

(i) Shall apply for a new permit under this subchapter;

(ii) May be issued a new permit under this subchapter; and

(iii) May operate under the voided permit for no more than thirty (30) days from the date of the change, removal, or replacement of the president, chief executive officer, or stockholder.

(e) An entity may apply for and be issued a permit under this subchapter in advance of the effective date of the permit to facilitate continuity of business operations.

#### 20-56-506. Permits - Limitation of interests

(a)(1) A person with an ownership, equity, or management interest in a permitted wholesaler may also have an ownership, equity, or management interest in a permitted retailer, but shall not have any ownership, equity, or management interest in a manufacturer.

(2) A person with an ownership, equity, or management interest in a permitted retailer may also have an ownership, equity, or management interest in a permitted wholesaler, but a retailer shall not have any ownership, equity, or management interest in a manufacturer.

(3) A person with an ownership, equity, or management interest in a permitted manufacturer shall not have any ownership, equity, or management interest in a permitted wholesaler or retailer.

(b) A management company shall not manage a permitted manufacturer and a permitted wholesaler or retailer simultaneously.

(c) A permit to manufacture hemp-derived products shall not be issued to any person with an ownership, equity, or management interest in either a wholesaler or retailer.

20-56-507. Permits – Location – Background check required.

(a)(1) A retail, wholesale, or manufacturer permit shall not be issued to a residential address, a mobile structure or vehicle, or for an address not zoned appropriately for the business seeking to secure the permit.

(2) A retail or wholesale permit may be issued to a person who currently holds a retail or wholesale permit if the locations are different.

(b) A permit shall not be issued to:

(1) A person who has pleaded guilty or nolo contendere to or been found guilty of a felony; or

(2) A business owned or operated, in whole or in part, by a person who has pleaded guilty or nolo contendere to or been found guilty of a felony.

(c) Arkansas Tobacco Control shall conduct a criminal background check on each permit applicant and application, utilizing its Arkansas Crime Information Center access as a law enforcement agency, in accordance with §§ 12-12-1008 – 12-12-1011.

20-56-508. Permits – Annual privilege fees.

(a) The annual privilege fee for each permit authorized by this subchapter is established as follows:

- (1) Wholesale Hemp-derived Products Permit ..... \$1,000
- (2) Retail Hemp-derived Products Permit ..... \$100
- (3) Manufacturer Hemp-derived Products Permit ..... \$10,000

(b)(1) All permits issued under this subchapter shall expire on June 30 following the effective date of issuance.

(2)(A) Upon the failure to renew timely a permit issued under this subchapter, a late fee of two (2) times the amount of the appropriate

permit fee shall be owed in addition to the annual privilege fee for the renewal of the permit.

(B) An expired permit that is not renewed before September 1 following the expiration of the permit shall not be renewed, and the holder of the expired permit shall submit an application for a new permit.

(3) A permit shall not be issued to the applicant until the late fee and the permit fee have been paid.

(c) A permit issued under this subchapter shall not be renewed for a permit holder who is delinquent more than ninety (90) days on a privilege fee, tax relating to the sale or dispensing of hemp-derived products, or any other state and local tax due the Secretary of the Department of Finance and Administration.

(d) A person who is delinquent more than ninety (90) days on a state or local tax may not renew or obtain a permit issued under this subchapter except upon certification that the permit holder has entered into a repayment agreement with the Department of Finance and Administration and is current on the payments.

(e) A permit holder who has unpaid fees, civil penalties, or an unserved permit suspension may not transfer, sell, or give hemp-derived product inventory of the business associated with the permit to a third party until all fees and civil penalties are paid in full and all suspensions are completed successfully, nor shall any third party be issued a new permit for the business location.

(f) Each manufacturer and wholesaler shall retain copies of all invoices for the purchase or sale of any hemp-derived products for a period of at least three (3) years subject to examination by the secretary and the Director of Arkansas Tobacco Control or their authorized agents upon demand at any time during regular business hours.

(g) A retailer shall:

(1) Maintain copies of at least the last ninety (90) days of hemp-derived product invoices, which the retailer shall provide immediately upon demand;

(2)(A) Make the invoices that are older than ninety (90) days available upon demand at any time during regular business hours in the retail store.

(B) Except as provided in subdivision (g)(2)(C) of this

section, an agent of Arkansas Tobacco Control may determine a reasonable time frame for which invoices are to be provided under subdivision (g)(2)(A) of this section.

(C) An invoice that is provided seventy-two (72) hours or more after the demand shall not be considered for purposes of determining a violation of this subsection;

(3) Retain invoices for all hemp-derived products in the retail store even if the invoice for the hemp-derived products is older than three (3) years;

(4) Maintain a copy of the signed server awareness forms for each employee of the retailer who engages in the sale of hemp-derived products, which the retailer shall provide immediately upon demand;

(5)(A) Maintain a copy of any complete transfer forms showing:

(i) The hemp-derived products that were transferred;

(ii) The permitted location from which the hemp-derived products were transferred; and

(iii) When the transfer occurred.

(B) A transfer form shall be completed contemporaneously with the transfer and shall be provided immediately by the retailer upon demand; and

(6) If any inventory was submitted with a permit application, maintain a copy of the submitted inventory form, which the retailer shall provide immediately upon demand.

(h) A wholesaler and manufacturer shall:

(1) Maintain three (3) years of hemp-derived product invoices that are available upon demand during regular business hours in the permitted location; and

(2) Permit Arkansas Tobacco Control and authorized personnel of Arkansas Tobacco Control to enter into and inspect stock of hemp-derived products, and any documents and records relating to receipts and disbursements of hemp-derived products.

(i) An invoice from a wholesaler to a retailer shall contain the name or other identifying information of the wholesaler and the retailer.

(j)(1) A nonresident wholesaler shall also keep a record of all hemp-derived products purchased for distribution within this state.

(2) All books, records, and memoranda pertaining to the purchase

and sale of the hemp-derived products under subdivision (j)(1) of this section shall be subject to inspection by Arkansas Tobacco Control.

(k) Authorized personnel of Arkansas Tobacco Control shall not release to the Arkansas Tobacco Control Board or to the public any information identifying customers of the manufacturer, wholesaler, or warehouse except when necessary to notify the board of alleged violations of this subchapter.

20-56-509. Permits – Not transferable – Duplicates.

(a) A permit under this subchapter is not transferable to a:

(1) Subsequent owner or operator; or

(2) Different physical location unless the permit holder obtains permission from the Director of Arkansas Tobacco Control.

(b) A person purchasing an existing permitted retail location may operate under the selling owner's permit for no more than thirty (30) days from the date of the sale.

(c) When a permit is lost by a permit holder, a duplicate permit may be issued upon application and for a fee of five dollars (\$5.00) when sufficient proof has been provided to the director.

20-56-510. Permits – Suspension or revocation.

(a) All permits issued under this subchapter may be suspended or revoked by the Director of Arkansas Tobacco Control for any violation of this subchapter or the rules pertaining to this subchapter, subject to a hearing before the Arkansas Tobacco Control Board at the next regularly scheduled board meeting.

(b) The director may revoke all permits to deal in hemp-derived products associated with any person who is convicted of or pleads guilty or nolo contendere to a criminal violation of this subchapter, subject to a hearing before the board at the next regularly scheduled board meeting.

(c)(1) The director shall revoke all permits to manufacture hemp-derived products associated with any person who acquires in any contractual or de facto ownership, equity, or management interest or control in a wholesaler or retailer of hemp-derived products simultaneously with the permit to manufacture hemp-derived products.

(2) The director's decision to revoke a permit may be appealed to the board within thirty (30) calendar days of receiving notice of the

permit revocation.

20-56-511. Advertising prohibitions and packaging requirements.

(a) A hemp-derived product distributed or offered for sale in this state shall include the following information on the product label or product packaging:

(1) The name of the hemp-derived product manufacturer, whether in-state or out-of-state, and distributor, whether in-state or out-of-state;

(2) Product labeling clearly showing that the product contains material derived from hemp and not marijuana or medical marijuana; and

(3) Any other marking, words, statement, or symbol as required by Arkansas Tobacco Control by rule.

(b) A person shall not advertise, market, or offer for sale in this state any hemp-derived product by using, in the labeling or design of the product, its packaging, or in its advertising or marketing materials, trade dress, trademarks, branding, or other related imagery that:

(1) Imitates or replicates those of food brands or other related products that are marketed to or are commonly associated with children or minors, including without limitation breakfast cereal, cookies, juice drinks, frozen drinks, ice creams, sorbets, sherbets, and frozen pops;

(2) Depicts or signifies characters or symbols that are known to a reasonable person to appeal primarily to or are commonly associated with children or minors, including without limitation superheroes, cartoons or cartoon characters, including anime characters, comic book characters, video game characters, television show characters, movie characters, mythical creatures, unicorns, or that otherwise incorporates related imagery or scenery; or

(3) Uses the terms "candy", "candies", "cake", "cakes", "pies", or "cupcakes" or any variant of these terms, or any other term referencing a type or brand of candy, cakes, pastries, or pies, including types or brands of candy, cakes, pastries, or pies that do not include the words "candy", "candies", "cake", "cakes", "pies", or "cupcakes" in their names, labels, or slogans.

20-56-512. Testing.

(a) All hemp-derived products sold in this state shall be tested by an

approved laboratory.

(b) An approved laboratory shall be an independent third-party laboratory.

(c) A hemp-derived product sold in this state shall be tested for the following and marked as to the hemp-derived product chemical makeup before being sold to consumers:

- (1) Cannabinoid profile;
- (2) Solvents;
- (3) Pesticides;
- (4) Microbials;
- (5) Heavy metals; and
- (6) Foreign matter.

(d) A hemp-derived product shall not be distributed or sold in this state without a certificate of analysis from an approved laboratory that confirms:

- (1) The hemp-derived product was tested by an approved laboratory;
- (2) A tested representative sample of the hemp-derived product contained a total tetrahydrocannabinol concentration that did not exceed three-tenths percent (0.3%) under this subchapter; and
- (3) A detailed analysis and list of the chemical makeup of the tested hemp-derived product under subsection (c) of this section.

(e) Arkansas Tobacco Control may periodically sample, analyze, and test any hemp-derived product located in this state.

(f) The Director of Arkansas Tobacco Control may:

- (1) Investigate and issue subpoenas to any permittee or approved laboratory used by a permittee that the director has reasonable suspicion of intentionally producing falsified test results on hemp-derived products; and
- (2) Promulgate rules for the enforcement of this section and set penalties for any violation of the rules.

20-56-513. Providing minors with hemp-derived products – Purchase, use, or possession prohibited.

(a)(1) It is unlawful for a person to give, barter, or sell to a minor a hemp-derived product.

- (2) Except as provided in subdivision (a)(3) of this section, a

person who pleads guilty or nolo contendere to or is found guilty of violating subdivision (a)(1) of this section is guilty of a Class A misdemeanor.

(3) An employee or owner of a retail location permitted under this subchapter who violates subdivision (a)(1) of this section while inside the retail location upon conviction is subject to a fine not to exceed one hundred dollars (\$100) per violation.

(b)(1) It is unlawful for a minor to:

(A) Use or possess or to purchase or attempt to purchase a hemp-derived product; or

(B) For the purpose of obtaining or attempting to obtain a hemp-derived product, falsely represent himself or herself not to be a minor by displaying proof of age that is false, fraudulent, or not actually proof of the minor's age.

(2) Any hemp-derived product found in the possession of a minor may be confiscated and destroyed by a law enforcement officer.

(c)(1) It is not an offense under subsection (b) of this section if:

(A) The minor was acting at the direction of an authorized agent of Arkansas Tobacco Control to enforce or ensure compliance with laws relating to the prohibition of the sale of hemp-derived product to minors;

(B) The minor was acting at the direction of an authorized agent of the Division of Aging, Adult, and Behavioral Health Services of the Department of Human Services to compile statistical data relating to the sale of hemp-derived products to minors;

(C) The minor was acting at the request of a permit holder to assist the permit holder by performing a check on the permit holder's own retail business to see if the permit holder's employees would sell hemp-derived products to the minor; or

(D) The minor was acting as an agent of a retail permit holder within the scope of employment.

(2) A minor performing activities under subdivision (c)(1) of this section shall:

(A) Display the appearance of a minor;

(B) Have the written consent of the minor's parent or guardian to perform the activity on file with the agency utilizing the minor; and

(C)(i) Present a true and correct identification if asked.

(ii) Any failure on the part of a minor to provide true and correct identification upon request is a defense to any action under this section or a civil action under § 26-57-256.

(d) A person who sells hemp-derived products has the right to deny the sale of a hemp-derived product to a person.

(e) It is unlawful for a person who has been issued a permit or a license under this subchapter to fail to display in a conspicuous place a sign indicating that the sale of hemp-derived products to or purchase or possession of hemp-derived products by a minor is prohibited by law.

(f) It is unlawful for a manufacturer whose hemp-derived product is distributed in this state and any person who has been issued a permit or license under this subchapter to distribute a free sample of a hemp-derived product, or any component of a hemp-derived product or coupon that entitles the holder of the coupon to a free sample of any hemp-derived product, or any component of a hemp-derived product:

(1) In or on any public street or sidewalk within five hundred feet (500') of a playground, public school, or other facility when the playground, public school, or other facility is being used primarily by minors for recreational, educational, or other purposes; or

(2) To a minor.

(g) It is unlawful for a person that has been issued a permit or license under this subchapter to:

(1) Sell or distribute a hemp-derived product through a self-service display, a vending machine, or an order executed solely over the internet or similar means; or

(2) Advertise or promote hemp-derived products in a manner that is intended to appeal to children.

(h) A retail permit holder or license holder who violates a provision in this section is subject to penalties under § 26-57-256.

(i)(1) A notice of an alleged violation of this section shall be given to the holder of a retail permit or license or an agent of the holder within ten (10) days of the alleged violation.

(2)(A) The notice under subdivision (i)(1) of this section shall contain the date and time of the alleged violation.

(B)(i) The notice under subdivision (i)(1) of this section

shall also include either the name of the person making the alleged sale or information reasonably necessary to determine the location in the store that allegedly made the sale.

(ii) When appropriate, information under subdivision (i)(2)(B)(i) of this section should include without limitation the:

(a) Cash register number of the sale in the store;

(b) Physical location of the sale in the store; and

(c) If possible, the lane or aisle number of the sale in the store.

(j) Notwithstanding the provisions of subsection (h) of this section, when reviewing for a possible violation, a court shall consider whether:

(1) The business has adopted and enforced a written policy against selling hemp-derived products to minors;

(2) The business has informed its employees of the applicable laws regarding the sale of hemp-derived products to minors;

(3) The business has required employees to verify the age of a customer attempting to purchase a hemp-derived product by way of photographic identification;

(4) The business has established and imposed disciplinary sanctions for noncompliance; and

(5) The appearance of the purchaser of the hemp-derived product was such that an ordinary prudent person would believe him or her to be of legal age to make the purchase.

(k) A person convicted of violating a provision of this section whose permit or license to distribute or sell a hemp-derived product is suspended or revoked upon conviction shall surrender to the court any permit or license to distribute or sell a hemp-derived product, and the court shall transmit the permit or license to distribute or sell a hemp-derived product to the Director of Arkansas Tobacco Control:

(1) To suspend or revoke the person's permit or license to distribute or sell a hemp-derived product and to not renew the permit or license; and

(2) Not to issue a new permit or license to that person for the period of time determined by the court in accordance with this section.

20-56-514. Penalties.

(a) A person within the jurisdiction of this state who is not permitted to sell, deliver, or cause to be delivered hemp-derived products to retailers or consumers and who sells, takes orders from, delivers, or causes to be delivered immediately or in the future a hemp-derived products to retailers or consumers, is guilty of a Class A misdemeanor.

(b) A person engaged in buying, selling, or otherwise doing business in hemp-derived products in this state without first obtaining the proper permit upon conviction is guilty of a Class A misdemeanor.

20-56-515. Purchases from unregistered, unpermitted dealers unlawful.

(a) It is unlawful for a retailer of hemp-derived products to purchase hemp-derived products from a person other than a permitted manufacturer, permitted wholesaler, or other permitted retailer.

(b) A retailer violating this subchapter upon conviction is guilty of a Class A misdemeanor for each purchase defined in subsection (a) of this section.

20-56-516. Failure to allow inspection unlawful.

A person who is required to pay taxes or obtain a permit under this subchapter who fails or refuses to allow the Department of Finance and Administration or Arkansas Tobacco Control to examine or inspect the person's inventory of hemp-derived products, invoice books, papers, and memoranda considered necessary to secure information directly relating to the enforcement of this subchapter upon conviction is guilty of a Class A misdemeanor and may have his or her permit immediately suspended by the Director of Arkansas Tobacco Control, subject to a hearing before the Arkansas Tobacco Control Board at the next regularly scheduled board meeting.

20-56-517. Wholesalers – Restrictions – Criminal violations.

A wholesaler shall conduct the wholesaler's business subject to the following restrictions:

(1) The wholesaler shall secure a permit from Arkansas Tobacco Control; and

(2) Except as otherwise provided in this subchapter, a

wholesaler may sell hemp-derived products only to persons properly permitted under this subchapter.

20-56-518. Civil and criminal actions.

(a) All civil actions arising under this subchapter shall be brought by and in the name of the Secretary of the Department of Finance and Administration or the Director of Arkansas Tobacco Control, whichever is appropriate under the provisions of this subchapter.

(b) All criminal actions shall be brought and prosecuted by the prosecuting attorney of the county where the criminal action occurred.

20-56-519. No bond for costs required.

A bond for costs is not required of the Department of Finance and Administration, Arkansas Tobacco Control, or the Arkansas Tobacco Control Board in any court in this state for the prosecution of a violation of this subchapter.

20-56-520. Criminal actions – Appeals.

(a) In all prosecutions in the district courts, this state shall have the same right of appeal to the circuit courts of this state and upon the same terms as the defendant now has under the law in misdemeanor cases.

(b) When appealed, the cases shall be tried de novo by the circuit court.

20-56-521. Employer protection.

(a) A cause of action shall not be established against an employer based upon, and an employer is not prohibited from, any of the following actions:

(1) Establishing and implementing a substance abuse or drug-free workplace policy that may include a drug testing program that complies with state or federal law and taking action with respect to an applicant or employee under the policy;

(2) Acting on the employer's good faith belief that an employee:  
(A) Possessed, smoked, ingested, or otherwise engaged in the use of hemp-derived products while on the premises of the employer or during the hours of employment; or

(B) Was under the influence of hemp-derived products while on the premises of the employer or during the hours of employment, provided that a positive test result for hemp-derived product cannot provide the sole basis for the employer's good faith belief; or

(3) Acting to exclude an employee from being employed in or performing a safety sensitive position based on the employer's good faith belief that the employee was engaged in the current use of a hemp-derived product.

(b) The authorized or protected actions of an employer under this section include without limitation:

(1) Implementing, monitoring, or taking measures to assess, supervise, or control the job performance of an employee;

(2) Reassigning an employee to a different position or job duties;

(3) Placing an employee on paid or unpaid leave;

(4) Suspending or terminating an employee;

(5) Requiring an employee to successfully complete a substance abuse program before returning to work;

(6) Refusing to hire an applicant; or

(7) Any combination of the actions listed in subdivisions (b)(1) – (b)(6) of this section.

(c) This section does not waive the sovereign immunity of this state.

#### 20-56-522. Enforcement – Penalties.

(a) It is the duty of all state, county, and city officers to assist Arkansas Tobacco Control in enforcing this subchapter.

(b) A person within the jurisdiction of this state who is not permitted to sell, deliver, or cause to be delivered hemp-derived products to retailers or consumers and who sells, takes orders from, delivers, or causes to be delivered immediately or in the future any hemp-derived products to retailers or consumers, is guilty of a Class A misdemeanor.

(c) A person engaged in buying, selling, or otherwise doing business in hemp-derived products in this state without first obtaining the proper permit upon conviction is guilty of a Class A misdemeanor.

#### 20-56-523. Rules.

The Director of Arkansas Tobacco Control and Arkansas Tobacco Control may promulgate rules for the proper enforcement of their powers and duties under this subchapter, including without limitation the regulation of processing, transportation, delivery, sale, and purchase of hemp-derived products in accordance with this subchapter and the power to levy penalties for violations of this subchapter.

SECTION 7. Arkansas Code Title 20, Chapter 56, Subchapter 4, as amended by Acts 2025, No. 176, § 2, effective if the contingency in Acts 2023, No. 629, § 17, is met, is repealed.

~~Subchapter 4 — Hemp-Derived Products~~

~~20-56-401. Purpose.~~

~~It is the intent of this subchapter to provide regulation of certain hemp-derived products to:~~

- ~~(1) Prevent the sale and use of illicit hemp-based products within Arkansas; and~~
- ~~(2) Protect and promote the public health and welfare of the residents of this state.~~

~~20-56-402. Definitions.~~

~~As used in this subchapter:~~

- ~~(1) “Annual” or “annually” means the fiscal year from July 1 through the next June 30;~~
- ~~(2) “Approved laboratory” means a laboratory that is accredited by the National Institute on Drug Abuse, the National Environmental Laboratory Accreditation Conference, the International Organization for Standardization, or a similar accrediting entity as determined by Arkansas Tobacco Control and that has been approved by the Director of Arkansas Tobacco Control specifically for the testing of hemp-derived product;~~
- ~~(3) “Consumer” means a member of the public at large;~~
- ~~(4) “Days” means calendar days unless otherwise specified;~~
- ~~(5) “Finished product” means a product intended for consumer use to be sold at retail;~~
- ~~(6) “Hemp” means the plant Cannabis sativa and any part of the plant, including the seeds of the plant, that contains a delta-9~~

~~tetrahydrocannabinol concentration of three tenths of one percent (0.3%) or less on a dry weight basis, and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not;~~

~~(7) “Hemp derived e-liquid product” means a liquid hemp derived product that contains hemp that is inhaled when using a vapor product, and that may or may not include without limitation propylene glycol, vegetable glycerin, and flavorings;~~

~~(8)(A) “Hemp derived product” means a product intended for any form of human consumption, including consumption by vapor inhalation, or a component of a product, that is derived from hemp, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, and any product made from such derivatives, and that contains greater than three-tenths of one percent (0.3%) tetrahydrocannabinol.~~

~~(B) “Hemp derived product” includes a hemp derived e-liquid product and a vapor product.~~

~~(C) “Hemp derived product” does not include:~~

~~(i) A product intended for animal consumption or use;~~

~~(ii) A cosmetic as defined by § 20-56-202;~~

~~(iii) Any marijuana, medical marijuana, or other cannabis product containing delta 9 tetrahydrocannabinol greater than three-tenths of one percent (0.3%) on a dry weight basis as administered, licensed, and otherwise regulated by the Alcoholic Beverage Control Division, the Medical Marijuana Commission, and the Department of Health under the Arkansas Medical Marijuana Amendment of 2016, Arkansas Constitution, Amendment 98;~~

~~(iv) A raw hemp product, including any intact plant, flower, buds, leaves, or stems;~~

~~(v) A drug in the form for which an application filed in accordance with 21 U.S.C. § 355 is approved by the United States Food and Drug Administration;~~

~~(vi) A dietary supplement as defined by the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq.; or~~

~~(vii) A fabric, textile, cordage, fiber, fuel, paper, construction material, plastic, seed, seed meal, and seed oil;~~

~~(9)(A) “Manufacturer” means a person that manufactures, fabricates, assembles, or processes a hemp derived product, including without~~

~~limitation federally licensed importers and federally licensed distributors that deal in hemp derived products.~~

~~(B) "Manufacturer" includes:~~

~~(i) A sales entity affiliate of the manufacturer or any other entity representing the manufacturer with regard to the sale of hemp derived products produced by the manufacturer to wholesalers or permitted retailers; and~~

~~(ii) A person that mixes, compounds, extracts, infuses, blends, processes, repackages, or resizes hemp derived products including the extraction of cannabinoids from hemp biomass.~~

~~(C) "Manufacturer" does not include a person who engages in the agricultural production of hemp, such as growing, planting, and harvesting of raw hemp biomass regulated by the State Plant Board;~~

~~(10) "Minor" means a person who is under twenty-one (21) years of age;~~

~~(11) "Person" means an individual, retailer, wholesaler, manufacturer, firm, association, company, partnership, limited liability company, corporation, joint stock company, club, agency, syndicate, the State of Arkansas, county, municipal corporation or other political subdivision of the state, receiver, trustee, fiduciary, or trade association;~~

~~(12) "Place of business" means the physical location:~~

~~(A) Where orders for hemp derived products are taken or received or where hemp derived products are sold; and~~

~~(B) That is on file with Arkansas Tobacco Control;~~

~~(13) "Retailer" means a person that purchases hemp derived products from permitted wholesalers for the purpose of selling the hemp derived products in person and over the counter at retail to consumers;~~

~~(14)(A) "Sale" or "sell" means a transfer, exchange, or barter in any manner or by any means for any consideration, including distributing or shipping hemp derived product in connection with a sale.~~

~~(B) A sale "in" or "into" a state refers to the state in which the destination point of the hemp derived product is located in the sale without regard to where title was transferred.~~

~~(C) A sale "from" a state refers to the sale of a hemp derived product that is located in that state to the destination in question without regard to where title was transferred;~~

~~(15) “Self service display” means a display:~~

~~(A) That contains a hemp derived product, or any component of a hemp derived product;~~

~~(B) That is located in an area where customers are permitted; and~~

~~(C) In which the hemp derived product, or any component of a hemp derived product, is readily accessible to a customer without the assistance of a salesperson;~~

~~(16) “Tetrahydrocannabinol” means a compound that is the natural, primary active cannabinoid substance or its equivalent contained in the plant of the genus cannabis or in the resinous extracts of the plant, including derivatives or isomers derived from such cannabinoids;~~

~~(17) “Vapor product” means hemp derived product that is an electronic oral device of any size or shape that contains a vapor of hemp or hemp derived e-liquid product that when used or inhaled simulates smoking, regardless of whether a visible vapor is produced, including without limitation a device that:~~

~~(A) Is composed of a heating element, battery, electronic circuit, chemical process, mechanical device, or a combination of heating element, battery, electronic circuit, chemical process, or mechanical device;~~

~~(B) Works in combination with a cartridge, other container, or liquid delivery device containing hemp or hemp derived e-liquid product and manufactured for use with vapor products;~~

~~(C) Is manufactured, distributed, marketed, or sold as any type or derivation of a vapor product, e-cigarette, e-cigar, e-pipe, or any other produced name or descriptor; and~~

~~(D) Does not include a product regulated as a drug or device by the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq., as it existed on January 1, 2015;~~

~~(18) “Warehouse” means a place where hemp derived products are stored for another person and to or from which place the hemp derived products are shipped or delivered upon order by the owner of the hemp derived products, to the warehouse; and~~

~~(19) “Wholesaler” means a person other than a manufacturer or a person owned or operated by a manufacturer that:~~

~~(A) Does business within the state;~~

- ~~(B) Purchases hemp derived products from any source;~~
- ~~(C) Distributes or sells the hemp derived products to other wholesalers, or retailers; and~~
- ~~(D) Does not distribute or sell the hemp derived products at retail to consumers.~~

~~20-56-403. Construction.~~

~~(a) A hemp derived product shall not be delivered, sold, bought, or used in this state except in conformity with all applicable laws and regulations, including this subchapter and any rules promulgated under this subchapter.~~

~~(b) A person shall not sell a hemp derived product without being permitted by Arkansas Tobacco Control.~~

~~(c) A product intended for human consumption or inhalation that is derived from hemp and contains tetrahydrocannabinol shall not be permitted or allowed under the laws of this state, other than hemp derived products if otherwise legal under state law.~~

~~(d)(1) A hemp derived product shall not be combined with or contain any of the following:~~

~~(A) Any liquid, hydrocolloid, animal based substance, thickener, sweetener, flavoring, synthetic product, propylene glycol, vegetable glycerin, or other non-hemp derived substance;~~

~~(B) Nicotine or tobacco; or~~

~~(C) Any amount of tetrahydrocannabinol as to create a danger of misuse, overdose, accidental overconsumption, inaccurate dosage, or other risk to the public.~~

~~(2) Medical devices, prescription drugs, or drugs otherwise approved by the United States Food and Drug Administration shall not be considered hemp derived products.~~

~~(e) The business of handling, receiving, possessing, storing, distributing, taking orders for, soliciting orders of, selling, offering for sale, and dealing in, through sale, barter, or exchange, hemp derived products is declared to be a privilege under the Arkansas Constitution and laws of the State of Arkansas.~~

~~20-56-404. Permits.~~

~~(a)(1) Each person listed in this section, before commencing business, or if already in business, before continuing business, shall pay an annual privilege fee and secure a permit from the Director of Arkansas Tobacco Control.~~

~~(2) A person purchasing an existing permitted retail location may, with the permission of the seller and Arkansas Tobacco Control, operate under the selling owner's permit for no more than thirty (30) days from the date of the sale.~~

~~(b)(1) In addition to securing a permit under subsection (a) of this section, a manufacturer whose products are sold in this state shall register with the Secretary of the Department of Finance and Administration.~~

~~(2) A wholesaler of hemp-derived products shall secure the proper wholesale permit.~~

~~(3) Every retailer of hemp-derived products that operates a place of business shall secure the proper retail permit.~~

~~(c)(1) Permits shall be issued as follows:~~

~~(A) A permit for a sole proprietorship is issued in the owner's name and in the fictitious business name, if any;~~

~~(B)(i) A permit for a partnership or limited liability company is issued in the name of:~~

~~(a) The managing partner or managing member;~~

~~and~~

~~(b) The partnership or limited liability~~

~~company.~~

~~(ii) If the managing partner or managing member of a limited liability company is a partnership, limited liability company, or corporation, then the permit shall be issued in the name of:~~

~~(a) The president or chief executive officer;~~

~~and~~

~~(b) The partnership or limited liability~~

~~company; and~~

~~(C) A permit for a publicly traded or nonpublicly traded corporation is issued in the name of the president or chief executive officer of the corporation and in the name of the corporation.~~

~~(2) It is a violation for a permitted entity not to provide written notification to the director within thirty (30) days of a change in~~

~~the following:~~

~~(A) The managing partner, limited liability company managing member, or president or chief executive officer of a corporation, partnership, or limited liability company; or~~

~~(B) The stockholders effecting twenty five percent (25%) or more of the total voting shares of a nonpublicly traded corporation.~~

~~(d)(1) When an entity transfers a business permitted under this subchapter, the entity to which the business is transferred:~~

~~(A) Shall apply for a new permit under this subchapter;~~

~~(B) May be issued a new permit under this subchapter; and~~

~~(C) May operate under the selling entity's permit for no more than thirty (30) days from the date of the sale.~~

~~(2) When a partnership or limited liability company permitted under this subchapter changes, removes, or replaces the managing partner, managing member, president, or chief executive officer:~~

~~(A) The existing permit issued under this subchapter is void; and~~

~~(B) The partnership or limited liability company:~~

~~(i) Shall apply for a new permit under this subchapter;~~

~~(ii) May be issued a new permit under this subchapter; and~~

~~(iii) May operate under the voided permit for no more than thirty (30) days from the date of the change, removal, or replacement of the managing partner, managing member, president, or chief executive officer.~~

~~(3) When a nonpublicly traded corporation permitted under this subchapter changes, removes, or replaces the president or chief executive officer named on the permit or changes, removes, or replaces a stockholder who owns fifty percent (50%) or more of the total voting shares of the nonpublicly traded corporation's stock:~~

~~(A) The permit issued under this subchapter is void; and~~

~~(B) The nonpublicly traded corporation:~~

~~(i) Shall apply for a new permit under this subchapter;~~

~~(ii) May be issued a new permit under this subchapter; and~~

~~(iii) May operate under the voided permit for no more than thirty (30) days from the date of the change, removal, or replacement of the president, chief executive officer, or stockholder.~~

~~(4) When a publicly traded corporation permitted under this subchapter changes, removes, or replaces the president or chief executive officer named on the permit or changes, removes, or replaces a stockholder who owns fifty percent (50%) or more of the total voting shares of the publicly traded corporation's stock:~~

~~(A) The permit issued under this subchapter is void; and~~

~~(B) The publicly traded corporation:~~

~~(i) Shall apply for a new permit under this subchapter;~~

~~(ii) May be issued a new permit under this subchapter; and~~

~~(iii) May operate under the voided permit for no more than thirty (30) days from the date of the change, removal, or replacement of the president, chief executive officer, or stockholder.~~

~~(e) An entity may apply for and be issued a permit under this subchapter in advance of the effective date of the permit to facilitate continuity of business operations.~~

~~20-56-405. Permits — Location — Background check required.~~

~~(a) A retail, wholesale, or manufacturer permit shall not be issued to a residential address, a mobile structure or vehicle, or for an address not zoned appropriately for the business seeking to secure the permit.~~

~~(b) A permit shall not be issued to:~~

~~(1) A person who has pleaded guilty or nolo contendere to or been found guilty of a felony; or~~

~~(2) A business owned or operated, in whole or in part, by a person who has pleaded guilty or nolo contendere to or been found guilty of a felony.~~

~~(c) Arkansas Tobacco Control shall conduct a criminal background check on each permit applicant and application, utilizing its Arkansas Crime Information Center access as a law enforcement agency, in accordance with §§ 12-12-1008 — 12-12-1011.~~

~~20-56-406. Permits — Annual privilege fees.~~

~~(a) The annual privilege fee for each permit authorized by this subchapter is established as follows:~~

- ~~(1) Wholesale Hemp derived Products Permit.....\$5,000~~
- ~~(2) Retail Hemp derived Products Permit.....\$5,000~~
- ~~(3) Manufacturer Hemp derived Products Permit.....\$5,000~~

~~(b)(1) All permits issued under this subchapter shall expire on June 30 following the effective date of issuance.~~

~~(2)(A) Upon the failure to timely renew a permit issued under this subchapter, a late fee of two (2) times the amount of the appropriate permit fee shall be owed in addition to the annual privilege fee for the permit.~~

~~(B) An expired permit that is not renewed before September 1 following the expiration of the permit shall not be renewed, and the holder of the expired permit shall submit an application for a new permit.~~

~~(3) A permit shall not be issued to the applicant until the late fee and the permit fee have been paid.~~

~~(c) A permit issued under this subchapter shall not be renewed for a permit holder who is delinquent more than ninety (90) days on a privilege fee, tax relating to the sale or dispensing of hemp derived products, or any other state and local tax due to the Secretary of the Department of Finance and Administration.~~

~~(d) A person who is delinquent more than ninety (90) days on a state or local tax may not renew or obtain a permit issued under this subchapter except upon certification that the permit holder has entered into a repayment agreement with the Department of Finance and Administration and is current on the payments.~~

~~(e) A permit holder who has unpaid fees, civil penalties, or an unserved permit suspension may not transfer, sell, or give hemp derived product inventory of the business associated with the permit to a third party until all fees and civil penalties are paid in full and all suspensions are completed successfully, nor shall any third party be issued a new permit for the business location.~~

~~(f) Each manufacturer, wholesaler, and retailer shall retain copies of all invoices for the purchase or sale of any hemp derived products for a period of at least ten (10) years subject to examination by the Secretary of~~

~~the Department of Finance and Administration and the Director of Arkansas Tobacco Control or their authorized agents upon demand at any time during regular business hours.~~

~~(g) A retailer shall:~~

~~(1) Maintain copies of at least the last three hundred sixty-five (365) days of hemp derived product invoices, which the retailer shall provide immediately upon demand;~~

~~(2)(A) Make the invoices that are older than three hundred sixty-five (365) days available upon demand at any time during normal business hours in the retail store.~~

~~(B) Except as provided in subdivision (g)(2)(C) of this section, an agent of Arkansas Tobacco Control may determine a reasonable time frame for which invoices are to be provided under subdivision (g)(2)(A) of this section.~~

~~(C) An invoice that is provided seventy-two (72) hours or more after the demand shall not be considered for purposes of determining a violation of this subsection;~~

~~(3) Retain invoices for all hemp derived products in the retail store even if the invoice for the hemp derived products is older than three (3) years;~~

~~(4) Maintain a copy of the signed server awareness forms for each employee of the retailer who engages in the sale of hemp derived products, which the retailer shall provide immediately upon demand;~~

~~(5)(A) Maintain a copy of any complete transfer forms showing:~~

- ~~(i) The hemp derived products that were transferred;~~
- ~~(ii) The permitted location from which the hemp derived products were transferred; and~~
- ~~(iii) When the transfer occurred.~~

~~(B) A transfer form shall be completed contemporaneously with the transfer and shall be provided immediately by the retailer upon demand; and~~

~~(6) If any inventory was submitted with a permit application, maintain a copy of the submitted inventory form, which the retailer shall provide immediately upon demand.~~

~~(h) A wholesaler and manufacturer shall:~~

~~(1) Maintain ten (10) years of hemp derived product invoices~~

~~that are available upon demand during normal business hours in the permitted location; and~~

~~(2) Permit Arkansas Tobacco Control and authorized personnel of Arkansas Tobacco Control to enter into and inspect stock of hemp derived products, and any documents and records relating to receipts and disbursements of hemp derived products.~~

~~(i) An invoice from a wholesaler to a retailer shall contain the name or other identifying information of the wholesaler and the retailer.~~

~~(j)(1) A nonresident wholesaler shall also keep a record of all hemp-derived products purchased for distribution within this state.~~

~~(2) All books, records, and memoranda pertaining to the purchase and sale of the hemp-derived products under subdivision (j)(1) of this section shall be subject to inspection by Arkansas Tobacco Control.~~

~~(k) Authorized personnel of Arkansas Tobacco Control shall not release to the Arkansas Tobacco Control Board or to the public any information identifying customers of the manufacturer, wholesaler, or warehouse except when necessary to notify the board of alleged violations of this subchapter.~~

~~20-56-407. Permits — Not transferable — Duplicates.~~

~~(a) A permit under this subchapter is not:~~

~~(1) Transferable to a subsequent owner or operator; or~~

~~(2) Transferable to a different physical location unless the permit holder obtains permission from the Director of Arkansas Tobacco Control.~~

~~(b) A person purchasing an existing permitted retail location may operate under the selling owner's permit for no more than thirty (30) days from the date of the sale.~~

~~(c) When a permit is lost by a permit holder, a duplicate permit may be issued upon application and for a fee of five dollars (\$5.00) when sufficient proof has been given to the Director of Arkansas Tobacco Control.~~

~~20-56-408. Permits — Suspension or revocation.~~

~~(a) All permits issued under this subchapter shall be suspended or revoked by the Director of Arkansas Tobacco Control for any violation of this subchapter or the rules pertaining to this subchapter, subject to a hearing before the Arkansas Tobacco Control Board at the next regularly scheduled~~

~~board meeting.~~

~~(b) The director may revoke all permits to deal in hemp derived products associated with any person who is convicted of or pleads guilty or nolo contendere to criminally violating this subchapter, subject to a hearing before the board at the next regularly scheduled board meeting.~~

~~20 56 409. Advertising prohibitions and packaging requirements.~~

~~(a) A hemp derived product distributed or offered for sale in this state shall include the following information on the product label or product packaging:~~

~~(1) The name of the hemp derived product manufacturer, whether in-state or out-of-state, and distributor, whether in-state or out-of-state;~~

~~(2) Product labeling clearly showing that the product contains material derived from hemp and not marijuana or medical marijuana; and~~

~~(3) Any other marking, words, statement, or symbol as required by Arkansas Tobacco Control through rules.~~

~~(b) A person shall not advertise, market, or offer for sale in this state any hemp derived product by using, in the labeling or design of the product, its packaging, or in its advertising or marketing materials, trade dress, trademarks, branding, or other related imagery that:~~

~~(1) Imitates or replicates those of food brands or other related products that are marketed to or are commonly associated with children or minors, including without limitation breakfast cereal, cookies, juice drinks, soft drinks, frozen drinks, ice creams, sorbets, sherbets, and frozen pops;~~

~~(2) Depicts or signifies characters or symbols that are known to a reasonable person to appeal primarily to or are commonly associated with children or minors, including without limitation superheroes, cartoons or cartoon characters, including anime characters, comic book characters, video game characters, television show characters, movie characters, mythical creatures, unicorns, or that otherwise incorporates related imagery or scenery; or~~

~~(3) Uses the terms "candy", "candies", "cake", "cakes", "pies", or "cupcakes" or any variant of these terms, or any other term referencing a type or brand of candy, cakes, pastries, or pies, including types or brands of candy, cakes, pastries, or pies that do not include the words "candy", "candies", "cake", "cakes", "pies", or "cupcakes" in their names, labels, or~~

slogans.

~~20-56-410. Testing.~~

~~(a) All hemp derived products sold in this state shall be tested by an approved laboratory.~~

~~(b) An approved laboratory shall be an independent third party laboratory.~~

~~(c) A hemp derived product sold in this state shall be tested for the following and marked as to the hemp derived product chemical makeup before being sold to consumers:~~

- ~~(1) Cannabinoid profile;~~
- ~~(2) Solvents;~~
- ~~(3) Pesticides;~~
- ~~(4) Microbials;~~
- ~~(5) Heavy metals; and~~
- ~~(6) Any non-hemp based substance.~~

~~(d) A hemp derived product shall not be distributed or sold in this state without a certificate of analysis from an approved laboratory that confirms:~~

- ~~(1) The hemp derived product was tested by an approved laboratory;~~
- ~~(2) A tested representative sample of the hemp derived product contained a total delta-9 tetrahydrocannabinol concentration that did not exceed three tenths of one percent (0.3%) under this subchapter; and~~
- ~~(3) A detailed analysis and list of chemical makeup of the tested hemp derived product under subsection (c) of this section.~~

~~(e) Arkansas Tobacco Control may periodically sample, analyze, and test any hemp derived product located in this state.~~

~~(f) The Director of Arkansas Tobacco Control shall:~~

- ~~(1) Investigate and issue subpoenas to any permittee or approved laboratory used by a permittee that the director has reasonable suspicion of intentionally producing falsified test results on hemp derived products; and~~
- ~~(2) Promulgate rules for the enforcement of this section and set penalties for any violation of the rules.~~

~~20-56-411. Providing minors with hemp derived products — Purchase,~~

~~use, or possession prohibited.~~

~~(a)(1) It is unlawful for any person to give, barter, or sell to a minor a hemp derived product.~~

~~(2) Except as provided in subdivision (a)(3) of this section, a person who pleads guilty or nolo contendere to or is found guilty of violating subdivision (a)(1) of this section is guilty of a Class A misdemeanor.~~

~~(3) An employee or owner of a retail location permitted under this subchapter who violates subdivision (a)(1) of this section while inside the retail location upon conviction is subject to a fine not to exceed one hundred dollars (\$100) per violation.~~

~~(b)(1) It is unlawful for a minor to:~~

~~(A) Use or possess or to purchase or attempt to purchase a hemp derived product; or~~

~~(B) For the purpose of obtaining or attempting to obtain a hemp derived product, falsely represent himself or herself not to be a minor by displaying proof of age that is false, fraudulent, or not actually proof of the minor's age.~~

~~(2) Any hemp derived product found in the possession of a minor may be confiscated and destroyed by a law enforcement officer.~~

~~(c)(1) It is not an offense under subsection (b) of this section if:~~

~~(A) The minor was acting at the direction of an authorized agent of Arkansas Tobacco Control to enforce or ensure compliance with laws relating to the prohibition of the sale of hemp derived product to minors;~~

~~(B) The minor was acting at the direction of an authorized agent of the Division of Aging, Adult, and Behavioral Health Services of the Department of Human Services to compile statistical data relating to the sale of hemp derived products to minors;~~

~~(C) The minor was acting at the request of a permit holder to assist the permit holder by performing a check on the permit holder's own retail business to see if the permit holder's employees would sell hemp derived products to the minor; or~~

~~(D) The minor was acting as an agent of a retail permit holder within the scope of employment.~~

~~(2) A minor performing activities under subdivision (c)(1) of this section shall:~~

~~(A) Display the appearance of a minor;~~

~~(B) Have the written consent of the minor's parent or guardian to perform the activity on file with the agency utilizing the minor; and~~

~~(C)(i) Present a true and correct identification if asked.~~

~~(ii) Any failure on the part of a minor to provide true and correct identification upon request is a defense to any action under this section or a civil action under § 26-57-256.~~

~~(d) Any person who sells hemp derived products has the right to deny the sale of any hemp derived product to any person.~~

~~(e) It is unlawful for any person who has been issued a permit or a license under this subchapter to fail to display in a conspicuous place a sign indicating that the sale of hemp derived products to or purchase or possession of hemp derived products by a minor is prohibited by law.~~

~~(f) It is unlawful for any manufacturer whose hemp derived product is distributed in this state and any person who has been issued a permit or license under this subchapter to distribute a free sample of any hemp derived product, or any component of a hemp derived product or coupon that entitles the holder of the coupon to any free sample of any hemp derived product, or any component of a hemp derived product:~~

~~(1) In or on any public street or sidewalk within five hundred feet (500') of any playground, public school, or other facility when the playground, public school, or other facility is being used primarily by minors for recreational, educational, or other purposes; or~~

~~(2) To any minor.~~

~~(g) It is unlawful for any person that has been issued a permit or license under this subchapter to:~~

~~(1) Sell or distribute a hemp derived product through a self-service display, a vending machine, or an order executed solely over the internet or similar means; or~~

~~(2) Advertise or promote hemp derived products in a manner that is intended to appeal to children.~~

~~(h) Any retail permit holder or license holder who violates any provision in this section is deemed guilty of a violation and subject to penalties under § 26-57-256.~~

~~(i)(1) A notice of an alleged violation of this section shall be given~~

~~to the holder of a retail permit or license or an agent of the holder within ten (10) days of the alleged violation.~~

~~(2)(A) The notice under subdivision (i)(1) of this section shall contain the date and time of the alleged violation.~~

~~(B)(i) The notice under subdivision (i)(1) of this section shall also include either the name of the person making the alleged sale or information reasonably necessary to determine the location in the store that allegedly made the sale.~~

~~(ii) When appropriate, information under subdivision (i)(2)(B)(i) of this section should include, but not be limited to, the:~~

~~(a) Cash register number of the sale in the store;~~

~~(b) Physical location of the sale in the store; and~~

~~(c) If possible, the lane or aisle number of the sale in the store.~~

~~(j) Notwithstanding the provisions of subsection (h) of this section, the court shall consider the following factors when reviewing a possible violation:~~

~~(1) The business has adopted and enforced a written policy against selling hemp derived products to minors;~~

~~(2) The business has informed its employees of the applicable laws regarding the sale of hemp derived products to minors;~~

~~(3) The business has required employees to verify the age of a customer attempting to purchase a hemp derived product by way of photographic identification;~~

~~(4) The business has established and imposed disciplinary sanctions for noncompliance; and~~

~~(5) That the appearance of the purchaser of the hemp derived product was such that an ordinary prudent person would believe him or her to be of legal age to make the purchase.~~

~~(k) A person convicted of violating any provision of this section whose permit or license to distribute or sell a hemp derived product is suspended or revoked upon conviction shall surrender to the court any permit or license to distribute or sell a hemp derived product, and the court shall transmit the permit or license to distribute or sell a hemp derived product~~

~~to the Director of Arkansas Tobacco Control:~~

~~(1) To suspend or revoke the person's permit or license to distribute or sell a hemp derived product and to not renew the permit or license; and~~

~~(2) Not to issue any new permit or license to that person for the period of time determined by the court in accordance with this section.~~

~~20-56-412. Enforcement — Penalties.~~

~~(a) It is the duty of all state, county, and city officers to assist Arkansas Tobacco Control in enforcing this subchapter.~~

~~(b) A person within the jurisdiction of this state who is not permitted to sell hemp derived products to retailers or consumers and who sells, takes orders from, delivers, or causes to be delivered immediately or in the future any hemp derived products to retailers or consumers in the State of Arkansas is guilty of a Class A misdemeanor.~~

~~(c) A person engaged in buying or selling hemp derived products in this state without first obtaining the proper permit upon conviction is guilty of a Class A misdemeanor.~~

~~(d) This subchapter does not prohibit in any form the continuous transportation through Arkansas of the plant Cannabis sativa L., and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a total delta-9 tetrahydrocannabinol concentration of not more than three tenths of one percent (0.3%) on a dry weight basis, from one licensed hemp producer in another state to a licensed hemp handler in another state.~~

~~20-56-413. Rules.~~

~~The Director of Arkansas Tobacco Control and Arkansas Tobacco Control may promulgate rules for the proper enforcement of their powers and duties under this subchapter, including without limitation the regulation of processing, transportation, delivery, sale, and purchase of hemp derived products in accordance with this subchapter and the power to levy penalties for violations of this subchapter.~~

SECTION 8. Arkansas Code § 26-57-247(b), effective until the contingency in Acts 2023, No. 629, § 17, is met, concerning those unstamped

and untaxed items that may be seized by the Director of Arkansas Tobacco Control, is amended to add an additional subdivision read as follows:

(5) Hemp products are possessed, sold, or offered for sale in violation of § 20-56-501 et seq.

SECTION 9. Arkansas Code § 26-57-247, effective if the contingency in Acts 2023, No. 629, § 17, is met, is repealed.

~~26-57-247. Seizure, forfeiture, and disposition of tobacco products and other property.~~

~~(a) Cigarettes to which stamps have not been affixed as provided by law are subject to seizure and shall be held as evidence for prosecution.~~

~~(b) The Director of Arkansas Tobacco Control may seize and hold for disposition of the courts or the Arkansas Tobacco Control Board all tobacco products, vapor products, alternative nicotine products, e-liquid products, or hemp-derived products found in the possession of a person dealing in, or a consumer of, tobacco products, vapor products, alternative nicotine products, e-liquid products, or hemp-derived products if:~~

~~(1) Prima facie evidence exists that the full amount of excise tax due on the tobacco products has not been paid to the Secretary of the Department of Finance and Administration;~~

~~(2) Tobacco products, vapor products, alternative nicotine products, or e-liquid products are in the possession of a wholesaler who does not possess a current Arkansas wholesale permit;~~

~~(3) A retail establishment does not possess a current Arkansas retail permit;~~

~~(4) The tobacco products, vapor products, alternative nicotine products, or e-liquid products have been offered for sale to the public at another location without a current Arkansas retail permit; or~~

~~(5) Hemp-derived products are possessed, sold, or offered for sale in violation of § 20-56-401 et seq.~~

~~(c) Property, including money, used to facilitate a violation of this subchapter or the Unfair Cigarette Sales Act, § 4-75-701 et seq., may be seized and forfeited to the state.~~

~~(d)(1) A prosecuting attorney may institute a civil action against a person who is convicted of a criminal violation under this subchapter or the Unfair Cigarette Sales Act, § 4-75-701 et seq., to obtain a judgment for:~~

~~(A) Damages in an amount equal to the value of the property, funds, or a monetary instrument involved in the violation;~~

~~(B) The proceeds acquired by a person involved in the enterprise or by reason of conduct in furtherance of the violation; and~~

~~(C) Costs incurred by Arkansas Tobacco Control in the investigation, prosecution, and adjudication of criminal, civil, and administrative proceedings.~~

~~(2) The standard of proof in an action brought under subdivision (d)(1) of this section is preponderance of the evidence.~~

~~(e) The following are subject to forfeiture under this section upon order by a circuit court:~~

~~(1) Tobacco products, vapor products, alternative nicotine products, or e-liquid products distributed, dispensed, or acquired in violation of this subchapter;~~

~~(2) Raw materials, products, or equipment used or intended for use in manufacturing, compounding, processing, delivering, importing, or exporting a tobacco product, vapor product, alternative nicotine product, or e-liquid product in violation of this subchapter;~~

~~(3) Property that is used or intended for use as a container for property described in subdivision (e)(1) or subdivision (e)(2) of this section;~~

~~(4)(A) Except as provided in subdivision (e)(4)(B) of this section, a conveyance, including an aircraft, vehicle, or vessel, that is used or intended to be used to transport or in any manner to facilitate the transportation for the purpose of sale or receipt of property described in subdivision (e)(1) or subdivision (e)(2) of this section.~~

~~(B)(i) A conveyance used by a person as a common carrier in the transaction of business as a common carrier is not subject to forfeiture under this section unless it appears that the owner or other person in charge of the conveyance is a consenting party or privy to a violation of this subchapter.~~

~~(ii) A conveyance is not subject to forfeiture under this section by reason of an act or omission established by the owner of the conveyance to have been committed or omitted without his or her knowledge or consent.~~

~~(C) Upon a showing described in subdivision (e)(4)(B)(i)~~

~~of this section by the owner or interest holder of a conveyance, the conveyance may nevertheless be forfeited if the prosecuting attorney establishes that the owner or interest holder either knew or should reasonably have known that the conveyance would be used to transport or in any manner to facilitate the transportation for the purpose of sale or receipt of property described in subdivision (c)(1) or subdivision (c)(2) of this section.~~

~~(D) A conveyance encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party neither had knowledge of nor consented to an act or omission in violation of this subchapter;~~

~~(5) A book, record, or research product or material, including a formula, microfilm, tape, or data that is used or intended for use in violation of this subchapter;~~

~~(6)(A) Except as provided in subdivision (c)(6)(B) of this section, a thing of value, including:~~

~~(i) Firearms purchased from the proceeds of the sale of untaxed tobacco products, vapor products, alternative nicotine products, or e-liquid products in violation of this subchapter or used in furtherance of a criminal offense as described in § 26-57-245;~~

~~(ii) Proceeds or profits traceable to an exchange described in subdivision (c)(6)(A)(i) of this section; and~~

~~(iii) Money, negotiable instruments, or security used or intended to be used to facilitate a violation of this subchapter.~~

~~(B) Property shall not be forfeited under subdivision (c)(6)(A) of this section to the extent of the interest of an owner by reason of an act or omission established by him or her by a preponderance of the evidence to have been committed or omitted without his or her knowledge or consent;~~

~~(7)(A) Money, coins, or currency found in close proximity to a forfeitable tobacco product, vapor product, alternative nicotine product, or e-liquid product or a forfeitable record of an importation of a tobacco product, vapor product, alternative nicotine product, or e-liquid product is presumed to be forfeitable under this section.~~

~~(B) The burden of proof is upon a claimant of the money, coins, or currency to rebut the presumption in subdivision (c)(7)(A) of this~~

~~section by a preponderance of the evidence; and~~

~~(8)(A) Except as provided in subdivision (c)(8)(B) of this section, real property if it substantially assisted in, facilitated in any manner, or was used or intended for use in the commission of any act prohibited by this subchapter.~~

~~(B)(i) Real property is not subject to forfeiture under this section by reason of an act or omission established by the owner of the real property by a preponderance of the evidence to have been committed or omitted without his or her knowledge or consent.~~

~~(ii) A forfeiture of real property encumbered by a mortgage or other lien is subject to the interest of the secured party if the secured party neither had knowledge of nor consented to an act or omission in violation of this subchapter.~~

~~(iii) If the circuit court finds by a preponderance of the evidence that grounds for a forfeiture exist under this section, the court shall enter an order requiring the forfeiture of the real property.~~

~~(C) Upon an order of forfeiture of real property, the order shall be filed on the day issued and shall have prospective effect.~~

~~(D) A forfeiture of real property does not affect the title of a bona fide purchaser who purchased the real property before the issuance of the order, and the order has no force or effect on the title of the bona fide purchaser.~~

~~(E) A lis pendens filed in connection with an action pending under this section that may result in the forfeiture of real property is effective only from the time filed and has no retroactive effect.~~

~~(f) A tobacco product, vapor product, alternative nicotine product, or e-liquid product that is possessed, transferred, sold, or offered for sale in violation of this subchapter may be seized and immediately forfeited to the state.~~

~~(g)(1) Property subject to forfeiture under this subchapter may be seized by a law enforcement agent upon process issued by a circuit court having jurisdiction over the property on petition filed by the prosecuting attorney of the judicial circuit.~~

~~(2) Seizure without process may be made if:~~

~~(A) The seizure is incident to an arrest or a search under a search warrant or an inspection under the regulatory authority of Arkansas~~

~~Tobacco Control;~~

~~(B) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding based upon this subchapter;~~

~~(C) The seizing law enforcement agency has probable cause to believe that the property is directly or indirectly dangerous to health or safety; or~~

~~(D) The seizing law enforcement agency has probable cause to believe that the property was used or is intended to be used in violation of this subchapter.~~

~~(h)(1) A state or local law enforcement agency shall not transfer property seized by the state or local agency under this section to a federal entity for forfeiture under federal law unless the circuit court having jurisdiction over the property enters an order, upon petition by the prosecuting attorney, authorizing the property to be transferred to the federal entity.~~

~~(2) The transfer shall not be approved unless it reasonably appears that the activity giving rise to the investigation or seizure involves more than one (1) state or the nature of the investigation or seizure would be better pursued under federal law.~~

~~(i)(1) Property seized for forfeiture under this section is not subject to replevin but is deemed to be in the custody of the seizing law enforcement agency subject only to an order or decree of the circuit court having jurisdiction over the property seized.~~

~~(2) Subject to a need to retain the property as evidence, when property is seized under this subchapter, the seizing law enforcement agency may:~~

~~(A) Remove the property to a place designated by the circuit court;~~

~~(B) Place the property under constructive seizure, posting notice of pending forfeiture on it by:~~

~~(i) Giving notice of pending forfeiture to its owners and interest holders; or~~

~~(ii) Filing notice of pending forfeiture in an appropriate public record relating to the property;~~

~~(C) Remove the property to a storage area for safekeeping~~

~~or, if the property is a negotiable instrument or money or is not needed for evidentiary purposes, deposit it into an interest bearing account; or~~

~~(D) Provide for another agency or custodian, including an owner, secured party, mortgagee, or lienholder, to take custody of the property and service, maintain, and operate it as reasonably necessary to maintain its value in an appropriate location within the jurisdiction of the court.~~

~~(3)(A) In case of transfer of property, a transfer receipt shall be prepared by the transferring agency.~~

~~(B) The transfer receipt shall:~~

~~(i) List a detailed and complete description of the property being transferred;~~

~~(ii) State to whom the property is being transferred and the source or authorization for the transfer; and~~

~~(iii) Be signed by both the transferor and the transferee.~~

~~(C) Both transferor and transferee shall maintain a copy of the transfer receipt.~~

~~(4) A person who acts as custodian of property under this section is not liable to any person on account of an act done in a reasonable manner in compliance with an order under this subchapter.~~

~~(j)(1) Property seized by a state or local law enforcement officer under this section who is detached to, deputized or commissioned by, or working in conjunction with a federal agency remains subject to this section.~~

~~(2)(A) If property is seized for forfeiture by a law enforcement agency under this section, the seizing law enforcement officer shall prepare and sign a confiscation report.~~

~~(B)(i) The party from whom the property is seized shall also sign the confiscation report if present and shall immediately receive a copy of the confiscation report.~~

~~(ii) If the party refuses to sign the confiscation report, the confiscation report shall be signed by one (1) additional law enforcement officer, stating that the party refused to sign the confiscation report.~~

~~(C) The original confiscation report shall be:~~

~~(i) Filed with the seizing law enforcement agency~~

~~within forty eight (48) hours after the seizure; and~~

~~(ii) Maintained in a separate file.~~

~~(D) One (1) copy of the confiscation report shall be retained by the seizing law enforcement officer.~~

~~(3) The confiscation report shall contain the following information:~~

~~(A) A detailed description of the property seized including serial or model numbers and odometer or hour reading of vehicles or equipment;~~

~~(B) The date of seizure;~~

~~(C) The name and address of the party from whom the property was seized;~~

~~(D) The reason for the seizure;~~

~~(E) The location where the property will be held;~~

~~(F) The seizing law enforcement officer's name; and~~

~~(G) A signed statement by the seizing law enforcement officer stating that the confiscation report is true and complete.~~

~~(4) Within three (3) business days after receiving the confiscation report, the seizing law enforcement agency shall forward a copy of the confiscation report to the prosecuting attorney for the district where the property was seized and to the director.~~

~~(5)(A) Arkansas Legislative Audit shall notify the director and a circuit court in the county of a law enforcement agency, prosecuting attorney, or other public entity that the law enforcement agency, prosecuting attorney, or public entity is ineligible to receive forfeited funds, forfeited property, or grants from the council, if Arkansas Legislative Audit determines by its own investigation or upon written notice from the director that:~~

~~(i) The law enforcement agency failed to complete and file the confiscation reports as required by this section;~~

~~(ii) The law enforcement agency, prosecuting attorney, or public entity has not properly accounted for the seized property; or~~

~~(iii) The prosecuting attorney has failed to comply with the notification requirement set forth in subdivision (m)(2) of this section.~~

~~(B) After the notice, the circuit court shall not issue an order distributing seized property to that law enforcement agency, prosecuting attorney, or public entity, nor shall a grant be awarded by the council to that law enforcement agency, prosecuting attorney, or public entity until:~~

~~(i) The appropriate officials of the law enforcement agency, prosecuting attorney, or public entity have appeared before the Legislative Joint Auditing Committee; and~~

~~(ii) The Legislative Joint Auditing Committee has adopted a motion authorizing subsequent transfers of forfeited property to the law enforcement agency, prosecuting attorney, or public entity.~~

~~(C)(i) If a law enforcement agency, prosecuting attorney, or other public entity is ineligible to receive forfeited property, the circuit court shall order money that would have been distributed to that law enforcement agency, prosecuting attorney, or public entity to be transmitted to the Treasurer of State for deposit into the Special State Assets Forfeiture Fund.~~

~~(ii) If the property is not cash, the circuit court shall order the property converted to cash under this section and the proceeds transmitted to the Treasurer of State for deposit into the Special State Assets Forfeiture Fund.~~

~~(D) Moneys deposited into the Special State Assets Forfeiture Fund are not subject to recovery or retrieval by an ineligible law enforcement agency, prosecuting attorney, or other public entity.~~

~~(6) The director shall establish by rule a standardized confiscation report form to be used by all law enforcement agencies, with specific instructions and guidelines concerning the nature and dollar value of all property, including firearms, to be included in the confiscation report and forwarded to the office of the local prosecuting attorney and the director under this subsection.~~

~~(k)(1)(A) The prosecuting attorney shall initiate forfeiture proceedings by filing a complaint with the circuit clerk of the county where the property was seized and by serving the complaint on all known owners and interest holders of the seized property in accordance with the Arkansas Rules of Civil Procedure.~~

~~(B) The complaint may be based on in rem or in personam~~

~~jurisdiction but shall not be filed to avoid the distribution requirements set forth in subdivision (1)(1) of this section.~~

~~(C) The prosecuting attorney shall mail a copy of the complaint to the director within five (5) calendar days after filing the complaint.~~

~~(2)(A) The complaint shall include a copy of the confiscation report and shall be filed within sixty (60) days after receiving a copy of the confiscation report from the seizing law enforcement agency.~~

~~(B) In a case involving real property, the complaint shall be filed within sixty (60) days of the defendant's conviction on the charge giving rise to the forfeiture.~~

~~(3)(A) The prosecuting attorney may file the complaint after the expiration of the time only if the complaint is accompanied by a statement of good cause for the late filing.~~

~~(B) However, the complaint shall not be filed more than one hundred twenty (120) days after either the date of the seizure or, in a case involving real property, the date of the defendant's conviction.~~

~~(C)(i) If the circuit court determines that good cause has not been established, the circuit court shall order that the seized property be returned to the owner or interest holder.~~

~~(ii) In addition, items seized but not subject to forfeiture under this section or subject to disposition under law or the Arkansas Rules of Criminal Procedure may be ordered returned to the owner or interest holder.~~

~~(iii) If the owner or interest holder cannot be determined, the court may order disposition of the property.~~

~~(4) Within the time set forth in the Arkansas Rules of Civil Procedure, the owner or interest holder of the seized property shall file with the circuit clerk a verified answer to the complaint that shall include:~~

~~(A) A statement describing the seized property and the owner's interest or interest holder's interest in the seized property with supporting documents to establish the owner's interest or interest holder's interest;~~

~~(B) A certification by the owner or interest holder stating that he or she has read the document and that it has not been filed for an improper purpose;~~

~~(C) A statement setting forth any defense to forfeiture;~~  
and

~~(D) The address at which the owner or interest holder will accept mail.~~

~~(5)(A) If the owner or interest holder fails to file an answer, the prosecuting attorney may move for default judgment under the Arkansas Rules of Civil Procedure.~~

~~(B)(i) If a timely answer has been filed, the prosecuting attorney has the burden of proving by a preponderance of the evidence that the seized property should be forfeited.~~

~~(ii) After the prosecuting attorney has presented proof, an owner or interest holder of the property seized is allowed to present evidence showing why the seized property should not be forfeited.~~

~~(iii) If the circuit court determines that grounds for forfeiting the seized property exist and that a defense to forfeiture has not been established by the owner or interest holder, the circuit court shall enter an order under this section. However, if the circuit court determines either that the prosecuting attorney has failed to establish that grounds for forfeiting the seized property exist or that the owner or interest holder has established a defense to forfeiture, the court shall order that the seized property be immediately returned to the owner or interest holder.~~

~~(1)(1) If the circuit court having jurisdiction over the seized property finds upon a hearing by a preponderance of the evidence that grounds for a forfeiture exist under this subchapter, the circuit court shall enter an order:~~

~~(A) To permit the law enforcement agency or prosecuting attorney to retain the seized property for law enforcement or prosecutorial purposes, subject to the following provisions:~~

~~(i)(a) Seized property may not be retained for official use for more than three (3) years, unless the circuit court finds that the seized property has been used for law enforcement or prosecutorial purposes and authorizes continued use for those purposes on an annual basis.~~

~~(b) At the end of the retention period, the seized property shall be sold and eighty percent (80%) of the proceeds shall be deposited into the tobacco control fund of the retaining law enforcement agency or prosecuting attorney, and twenty percent (20%) of the proceeds~~

~~shall be deposited into the State Treasury as special revenues to be credited to the Special State Assets Forfeiture Fund.~~

~~(c) The retaining law enforcement agency or prosecuting attorney may sell the retained seized property during the time allowed for retention. However, the proceeds of the sale shall be distributed as set forth in subdivision (1)(1)(A)(i)(b) of this section;~~

~~(ii) If the circuit court determines that retained seized property has been used for personal use or by non-law enforcement personnel for non-law enforcement purposes, the circuit court shall order the seized property to be sold under § 5-5-101(c) and (f), and the proceeds shall be deposited into the State Treasury as special revenues to be credited to the Special State Assets Forfeiture Fund;~~

~~(iii)(a) A law enforcement agency may use forfeited property or money if the circuit court's order specifies that the forfeited property or money is forfeited to the prosecuting attorney, sheriff, chief of police, Division of Arkansas State Police, director, or Arkansas Highway Police Division of the Arkansas Department of Transportation.~~

~~(b) After the order, the prosecuting attorney, sheriff, chief of police, Division of Arkansas State Police, director, or Arkansas Highway Police Division of the Arkansas Department of Transportation shall maintain an inventory of the forfeited property or money, be accountable for the forfeited property or money, and be subject to subdivision (j)(5) of this section with respect to the forfeited property or money;~~

~~(iv)(a) An aircraft is forfeited to the office of the director and may be used only for tobacco, vapor product, alternative nicotine product, or e-liquid product smuggling interdiction efforts within the discretion of the director.~~

~~(b) However, if the director determines that the aircraft should be sold, the proceeds of the sale shall be distributed as set forth in subdivision (1)(1)(A)(i)(b) of this section;~~

~~(v) A firearm not retained for official use shall be disposed of in accordance with state and federal law; and~~

~~(vi) A tobacco product, vapor product, alternative nicotine product, or e-liquid product shall be destroyed pursuant to a court~~

order;

~~(B)(i) To sell seized property that is not required by law to be destroyed and that is not harmful to the public.~~

~~(ii) Seized property described in subdivision (1)(1)(B)(i) of this section shall be sold at a public sale by the retaining law enforcement agency or prosecuting attorney under § 5-5-101(e) and (f); or~~

~~(C) To transfer a motor vehicle to a school district for use in a driver education course.~~

~~(2) Disposition of forfeited property under this subsection is subject to the need to retain the forfeited property as evidence in any related proceeding.~~

~~(3) Within three (3) business days after the entry of the order, the circuit clerk shall forward to the director copies of the confiscation report, the circuit court's order, and other documentation detailing the disposition of the seized property.~~

~~(m)(1)(A) Subject to subdivision (j)(5) of this section, the proceeds of sales conducted under this section and moneys forfeited or obtained by judgment or settlement under this subchapter shall be deposited and distributed in the manner provided in this subsection.~~

~~(B) Moneys received from a federal forfeiture for a violation of this subchapter shall be deposited and distributed under this section.~~

~~(2)(A) The proceeds of a sale and moneys forfeited or obtained by judgment or settlement under this subchapter shall be deposited into the asset forfeiture fund of the prosecuting attorney and is subject to the following provisions:~~

~~(i) If, during a calendar year, the aggregate amount of moneys deposited into the asset forfeiture fund exceeds twenty thousand dollars (\$20,000) per county, the prosecuting attorney, within fourteen (14) days after that time, shall notify the circuit judges in the judicial district and the director;~~

~~(ii) Subsequent to the notification set forth in this section, twenty percent (20%) of the proceeds of an additional sale and additional moneys forfeited or obtained by judgment or settlement under this subchapter in the same calendar year shall be deposited into the State Treasury as special revenues to be credited to the Special State Assets~~

~~Forfeiture Fund, and the remainder shall be deposited into the asset forfeiture fund of the prosecuting attorney;~~

~~(iii) Failure by the prosecuting attorney to comply with the notification requirement set forth in this section renders the prosecuting attorney and an entity eligible to receive forfeited moneys or property from the prosecuting attorney ineligible to receive forfeited moneys or property, except as provided in this section; and~~

~~(iv) Twenty percent (20%) of moneys in excess of twenty thousand dollars (\$20,000) that have been retained but not reported as required by this section are subject to recovery for deposit into the Special State Assets Forfeiture Fund.~~

~~(B) The prosecuting attorney shall administer expenditures from the asset forfeiture fund, which is subject to audit by Arkansas Legislative Audit. Moneys distributed from the asset forfeiture fund shall be used only for law enforcement and prosecutorial purposes. Moneys in the asset forfeiture fund shall be distributed in the following order:~~

~~(i) For the satisfaction of a bona fide security interest or lien;~~

~~(ii) For payment of a proper expense of the proceeding for forfeiture and sale, including expenses of seizure, maintenance of custody, advertising, and court costs;~~

~~(iii) Any balance under three hundred fifty thousand dollars (\$350,000) shall be distributed proportionally so as to reflect generally the contribution of the appropriate local or state law enforcement or prosecutorial agency's participation in any activity that led to the seizure or forfeiture of the property or deposit of moneys under this subchapter; and~~

~~(iv) Any balance over three hundred fifty thousand dollars (\$350,000) shall be forwarded to the director to be transferred to the State Treasury for deposit into the Special State Assets Forfeiture Fund for distribution under this section.~~

~~(C)(i) For a forfeiture in an amount greater than three hundred fifty thousand dollars (\$350,000) from which expenses are paid for a proceeding for forfeiture and sale under this section, an itemized accounting of the expenses shall be delivered to the director within ten (10) calendar days after the distribution of the funds.~~

~~(ii) The itemized accounting shall include the expenses paid, to whom paid, and for what purposes the expenses were paid.~~

~~(3)(A) Moneys received by a prosecuting attorney or law enforcement agency from a federal forfeiture for a violation of this subchapter shall be deposited and maintained in a separate account.~~

~~(B) However, a balance over three hundred fifty thousand dollars (\$350,000) shall be distributed as required under this section.~~

~~(4) Other moneys shall not be maintained in the account except for interest income generated by the account.~~

~~(5) Moneys in the account shall only be used for law enforcement and prosecutorial purposes consistent with governing federal law.~~

~~(6) The account is subject to audit by Arkansas Legislative Audit.~~

~~(7) A balance over three hundred fifty thousand dollars (\$350,000) shall be transferred to the State Treasury for deposit into the Special State Assets Forfeiture Fund in which it shall be maintained separately and distributed consistently with governing federal law and upon the advice of the director.~~

~~(n) In personam jurisdiction may be based on a person's presence in the state or on his or her conduct in the state, as set out in § 16-4-101(C), and is subject to the following additional provisions:~~

~~(1) A temporary restraining order under this section may be entered ex parte on application of the state upon a showing that:~~

~~(A) There is probable cause to believe that the property with respect to which the order is sought is subject to forfeiture under this section; and~~

~~(B) Notice of the action would jeopardize the availability of the property for forfeiture;~~

~~(2)(A) Notice of the entry of a temporary restraining order and an opportunity for hearing shall be afforded to a person known to have an interest in the property.~~

~~(B) The hearing shall be held at the earliest possible date consistent with Rule 65 of the Arkansas Rules of Civil Procedure and is limited to the issues of whether:~~

~~(i) There is a probability that the state will prevail on the issue of forfeiture and that failure to enter the temporary~~

~~restraining order will result in the property's being destroyed, conveyed, alienated, encumbered, disposed of, received, removed from the jurisdiction of the circuit court, concealed, or otherwise made unavailable for forfeiture; and~~

~~(ii) The need to preserve the availability of property through the entry of the requested temporary restraining order outweighs the hardship on an owner or interest holder against whom the temporary restraining order is to be entered;~~

~~(3) The state has the burden of proof by a preponderance of the evidence to show that the defendant's property is subject to forfeiture;~~

~~(4)(A) On a determination of liability of a person for conduct giving rise to forfeiture under this section, the circuit court shall enter a judgment of forfeiture of the property subject to forfeiture as alleged in the complaint and may authorize the prosecuting attorney or a law enforcement officer to seize property subject to forfeiture under this section not previously seized or not then under seizure.~~

~~(B) The order of forfeiture shall be consistent with subsection (1) of this section.~~

~~(C) In connection with the judgment, on application of the state, the circuit court may enter an appropriate order to protect the interest of the state in property ordered forfeited; and~~

~~(5) Subsequent to the finding of liability and order of forfeiture, the following procedures apply:~~

~~(A) The attorney for the state shall give notice of pending forfeiture in the manner provided in Rule 4 of the Arkansas Rules of Civil Procedure to an owner or interest holder who has not previously been given notice;~~

~~(B) An owner of or interest holder in property that has been ordered forfeited and whose claim is not precluded may file a claim within thirty (30) days after initial notice of pending forfeiture or after notice under Rule 4 of the Arkansas Rules of Civil Procedure, whichever is earlier; and~~

~~(C) The circuit court may amend the in personam order of forfeiture if the circuit court determines that a claimant has established that he or she has an interest in the property and that the interest is exempt under this section.~~

~~(o) The circuit court shall order the forfeiture of other property of a claimant or defendant up to the value of the claimant's or defendant's property found by the circuit court to be subject to forfeiture under this section if any of the forfeitable property had remained under the control or custody of the claimant or defendant and:~~

- ~~(1) Cannot be located;~~
- ~~(2) Was transferred or conveyed to, sold to, or deposited with a third party;~~
- ~~(3) Is beyond the jurisdiction of the circuit court;~~
- ~~(4) Was substantially diminished in value while not in the actual physical custody of the seizing law enforcement agency;~~
- ~~(5) Was commingled with other property that cannot be divided without difficulty; or~~
- ~~(6) Is subject to interest exempted from forfeiture under this subchapter.~~

~~(p)(1) There is created on the books of law enforcement agencies and prosecuting attorneys a tobacco control fund.~~

~~(2) The fund shall consist of moneys obtained under this section and other revenue as may be provided by law or ordinance.~~

~~(3) Moneys in the tobacco control fund shall be appropriated on a continuing basis and are not subject to the Revenue Stabilization Law, § 19-5-101 et seq.~~

~~(4)(A) The fund shall be used for law enforcement and prosecutorial purposes.~~

~~(B) Each prosecuting attorney shall submit to the Director of Arkansas Tobacco Control on or before June 30 of each year a report detailing moneys received and expenditures made from the tobacco control fund during the preceding twelve month period.~~

~~(5) The law enforcement agencies and prosecuting attorneys shall submit to the director on or before June 30 of each year a report detailing any moneys received and expenditures made from the tobacco control fund during the preceding twelve month period.~~

~~(6) Moneys from the tobacco control fund may not supplant other local, state, or federal funds.~~

~~(7) The tobacco control fund is subject to audit by Arkansas Legislative Audit.~~

SECTION 10. Arkansas Code § 26-57-255(g)(3), effective until the contingency in Acts 2023, No. 629, § 17, is met, concerning the powers and duties of the Arkansas Tobacco Control Board, is amended to read as follows:

(3)(A) Conduct public hearings when appropriate regarding a permit authorized under this subchapter or in violation of this subchapter, the Unfair Cigarette Sales Act, § 4-75-701 et seq., § 5-27-227, § 20-56-501 et seq., ~~or~~ any other federal, state, or local statute, ordinance, rule, or regulation concerning the sale of tobacco products, vapor products, alternative nicotine products, or e-liquid products to minors, or the rules promulgated by Arkansas Tobacco Control.

(B) After notice and hearing held in accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et seq., if the board finds a violation of this subchapter, the Unfair Cigarette Sales Act, § 4-75-701 et seq., § 20-56-501 et seq., or the rules promulgated by Arkansas Tobacco Control, the board may suspend or revoke any or all permits issued by the director to any person.

(C) The board may levy a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for each violation against a person found to be in violation of this subchapter, the Unfair Cigarette Sales Act, § 4-75-701 et seq., § 20-56-501 et seq., or the rules promulgated by Arkansas Tobacco Control.

(D) Each day of a violation is a separate violation.

(E) A civil penalty under subdivision (g)(3)(C) of this section is in addition to any penalties levied by the board under § 26-57-248.

(F) In conducting a hearing under this subdivision (g)(3), the board may examine or cause to be examined under oath any witness and the books and records of a permitted person or other person;

SECTION 11. Arkansas Code § 26-57-255, effective if the contingency in Acts 2023, No. 629, § 17, is met, is repealed.

~~26-57-255. Arkansas Tobacco Control Board — Creation — Definition.~~

~~(a) There is created the Arkansas Tobacco Control Board to consist of the following eight (8) members appointed by the Governor:~~

~~(1) Two (2) members of the board shall be wholesalers of tobacco~~

~~products, vapor products, alternative nicotine products, or e-liquid products;~~

~~(2) Two (2) members of the board shall be retailers of tobacco products, vapor products, alternative nicotine products, or e-liquid products; and~~

~~(3) Four (4) members of the board shall be members of the public at large who are not public employees or officials, at least one (1) of whom shall be an African American, and two (2) of whom shall be appointed by the Governor after consulting the Arkansas Medical Society, Inc. and subject to confirmation by the Senate.~~

~~(b) The Governor shall designate which member of the board shall act as chair and that person shall serve as chair for two (2) years unless his or her membership on the board ceases prior to the end of the two-year period.~~

~~(c)(1) All members of the board shall be residents of the State of Arkansas and confirmed by the Senate.~~

~~(2) The term of office shall be five (5) years.~~

~~(d)(1) A minimum of five (5) members is required for a quorum.~~

~~(2)(A) All action by the board shall be by a majority vote of the board members present at the regular or special meeting, and the board may take no official action in connection with a matter except at a regular or special meeting.~~

~~(B) In the event of a tie vote of the members of the board, the Director of Arkansas Tobacco Control may cast the deciding vote.~~

~~(e) A person who is not a citizen of the United States and who has not resided in the State of Arkansas for at least two (2) consecutive years immediately preceding the date of appointment shall not be appointed to the board.~~

~~(f) Each member of the board and the director shall take and subscribe to an oath that he or she will support and enforce this subchapter, the tobacco control laws of this state, the Arkansas Constitution, and the United States Constitution.~~

~~(g) The board shall:~~

~~(1) Act as the adjudicatory body for Arkansas Tobacco Control;~~

~~(2) Have responsibility for approving the issuance, suspension, and revocation of the permits enumerated in § 26-57-219;~~

~~(3)(A) Conduct public hearings when appropriate regarding a~~

~~permit authorized under this subchapter or in violation of this subchapter, the Unfair Cigarette Sales Act, § 4-75-701 et seq., § 5-27-227, § 20-56-401 et seq., or any other federal, state, or local statute, ordinance, rule, or regulation concerning the sale of tobacco products, vapor products, alternative nicotine products, e-liquid products, or hemp-derived products to minors or the rules promulgated by Arkansas Tobacco Control.~~

~~(B) After notice and hearing held in accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et seq., if the board finds a violation of this subchapter, the Unfair Cigarette Sales Act, § 4-75-701 et seq., § 20-56-401 et seq., or the rules promulgated by Arkansas Tobacco Control, the board may suspend or revoke any or all permits issued by the director to any person.~~

~~(C) The board may levy a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for each violation against a person found to be in violation of this subchapter, the Unfair Cigarette Sales Act, § 4-75-701 et seq., § 20-56-401 et seq., or the rules promulgated by Arkansas Tobacco Control.~~

~~(D) Each day of a violation is a separate violation.~~

~~(E) A civil penalty under subdivision (g)(3)(C) of this section is in addition to any penalties levied by the board under § 26-57-248.~~

~~(F) In conducting a hearing under this subdivision (g)(3), the board may examine or cause to be examined under oath any witness and the books and records of a permitted person or other person;~~

~~(4) When requested by the written petition of at least three (3) interested parties, conduct public hearings to receive testimony regarding the facts relevant to the issuance of a permit under this subchapter; and~~

~~(5)(A) Not have authority in criminal prosecutions or the assessment or collection of any taxes.~~

~~(B) However, the board shall refuse to approve the issuance or renewal of a permit issued by the director for the failure to pay taxes or fees imposed on tobacco products or any permit fees imposed under this subchapter or any other state or local taxes.~~

~~(h)(1) The board may assess penalties for a violation of § 5-27-227 according to the following schedule:~~

~~(A) For a first violation within a forty-eight month~~

~~period, a civil penalty not to exceed two hundred fifty dollars (\$250);~~

~~(B) For a second violation within a forty-eight month period, a civil penalty not to exceed five hundred dollars (\$500) and suspension of the permit enumerated in § 26-57-219 for a period not to exceed two (2) days;~~

~~(C) For a third violation within a forty-eight month period, a civil penalty not to exceed one thousand dollars (\$1,000) and suspension of the permit enumerated in § 26-57-219 for a period not to exceed seven (7) days;~~

~~(D) For a fourth or subsequent violation within a forty-eight month period, a civil penalty not to exceed two thousand dollars (\$2,000) and suspension of the permit enumerated in § 26-57-219 for a period not to exceed fourteen (14) days; and~~

~~(E) For a fifth or subsequent violation within a forty-eight month period, in addition to the other penalties provided under this subsection, the permit enumerated in § 26-57-219 may be revoked.~~

~~(2)(A) A penalty under this subsection shall not be imposed on a retailer or an agent or employee of a retailer who can establish an affirmative defense that before the date of the violation the retailer or agent or employee of the retailer furnishing the tobacco products, vapor products, alternative nicotine products, e-liquid products, or cigarette papers reasonably relied on proof of age that identified the person receiving the tobacco products, vapor products, alternative nicotine products, e-liquid products, or cigarette papers as not being a minor.~~

~~(B) As used in this subsection, "proof of age" means valid documentation issued by a governmental agency containing the person's photograph, date of birth, and an expiration date.~~

~~(3)(A) For a corporation or business with more than one (1) retail location, to determine the number of accumulated violations for purposes of the penalty schedule stated in this subsection, violations of § 5-27-227 by one (1) retail location shall not be accumulated against other retail locations of that same corporation or business.~~

~~(B) For a retail location, for purposes of the penalty schedule stated in this subsection, violations accumulated and assessed against a prior owner of the retail location shall not be accumulated against a new owner of the same retail location unless approved by the board.~~

SECTION 12. Arkansas Code § 26-57-256(a)(2) and (3), effective until the contingency in Acts 2023, No. 629, § 17, is met, concerning the powers of Arkansas Tobacco Control, are amended to read as follows:

(2)(A) Receive applications for and issue, refuse, suspend, and revoke permits listed in § 26-57-219 and § 20-56-501 et seq.

(B) Arkansas Tobacco Control shall refuse to issue or renew any permits issued by the Director of Arkansas Tobacco Control for the failure to pay:

(i) Any applicable taxes or fees imposed on tobacco products;;

(ii) Permit ~~permit~~ fees imposed under this subchapter and § 20-56-501 et seq.; or

(iii) Any ~~any~~ other state or local taxes;

(3) Prescribe forms of applications for permits under this subchapter and § 20-56-501 et seq;

SECTION 13. Uncodified Section 17 of Acts 2023, No. 629, which reflects changes to the references to "Sections 6-14", and "Sections 2-5" in Acts 2023, No. 629, §§ 16 and 17 made by the Arkansas Code Revision Commission, is repealed.

~~SECTION 17. Contingent effective date.~~

~~Sections 6-14 [8-16] of this act shall become effective only upon the certification of the Arkansas Attorney General that the State of Arkansas is currently enjoined from enforcing Sections 2-5 [2-7] of this act relating to delta-8 tetrahydrocannabinol and delta-10 tetrahydrocannabinol, but no earlier than August 1, 2023.~~

SECTION 14. DO NOT CODIFY. Rules.

(a) When adopting the initial rules required under this act, Arkansas Tobacco Control shall file the final rules with the Secretary of State for adoption under § 25-15-204(f):

(1) On or before January 1, 2026; or

(2) If approval under § 10-3-309 has not occurred by January 1, 2026, as soon as practicable after approval under § 10-3-309.

(b) Arkansas Tobacco Control shall file the proposed rules with the

Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2026, so that the Legislative Council may consider the rules for approval before January 1, 2026.

SECTION 15. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that minors in this state are currently purchasing hemp-derived products without any regulations or testing of the hemp-derived products; that minors are becoming ill when taking synthetic drugs that they believe are hemp-derived products; and that this act is immediately necessary to regulate the hemp-derived products, including testing requirements, to ensure the health and safety of the minors of this state. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

- (1) The date of its approval by the Governor;
- (2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or
- (3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.