**South Carolina General Assembly**

126th Session, 2025-2026

**H. 3935**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Gatch, M.M. Smith and Hartnett

Companion/Similar bill(s): 3924

Document Path: LC-0053PH25.docx

Introduced in the House on February 6, 2025

Currently residing in the House

Summary: Hemp-Derived Consumables

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 2/6/2025 House Introduced and read first time (House Journal‑page 34)

 2/6/2025 House Referred to Committee on **Judiciary** (House Journal‑page 34)

 4/3/2025 House Member(s) request name added as sponsor: M.M. Smith

 4/8/2025 House Member(s) request name added as sponsor: Hartnett

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**VERSIONS OF THIS BILL**

[02/06/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/3935_20250206.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY enacting the “consumable hemp licensing and regulation act” by ADDING CHAPTER 81 TO TITLE 39 SO AS TO provide for the licensing and regulation of hemp-derived consumables, among other things.

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

SECTION 1. This act may be cited as the “Consumable Hemp Licensing and Regulation Act.” The purpose of this chapter is to provide for the licensing and regulation of hemp-derived consumables.

SECTION 2.A. Title 39 of the S.C. Code is amended by adding:

CHAPTER 81

Hemp‑Derived Consumable Products

 Section 39‑81‑10. As used in this chapter:

 (1) “Batch” means:

 (a) a specific quantity of hemp plants that are cultivated from the same seed or plant stock, are cultivated together, are intended to be harvested together, and receive an identical propagation and cultivation treatment;

 (b) a specific quantity of hemp flower that is harvested together; is uniform and is intended to meet specifications for identification, strength, purity, and composition; and receives identical sorting, drying, curing, and storage treatment; or

 (c) a specific quantity of hemp‑derived consumable product that is manufactured at the same time and using the same methods, equipment, and ingredients that is uniform and intended to meet specifications for identification, strength, purity, and composition, and that is manufactured, packaged, and labeled according to a single‑batch production record executed and documented.

 (2) “Batch number” means a unique numeric or alphanumeric identifier assigned to a batch of hemp plants or hemp‑derived consumable products.

 (3) “Business” means any of the following licensed under this chapter:

 (a) hemp‑derived consumable product distributor;

 (b) hemp‑derived consumable product retailer;

 (c) hemp‑derived consumable product manufacturer; and

 (d) hemp producer.

 (4) “Counter” means the point of purchase at a retail establishment or in an area of the retail establishment that is inaccessible to the customer.

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

 (6) “Distributor” means a person or entity that purchases hemp‑derived consumable products from manufacturers and sells them to retailers.

 (7) “Franchise” means a written or oral arrangement for a definite or indefinite period, in which a person grants to another person a license to use a trade name, trademark, service mark, or related characteristic, and in which there is a community of interest in the marketing of goods or services at wholesale, retail, by lease, agreement, or otherwise including, but not limited to, a commercial relationship of definite duration or continuing indefinite duration, between a hemp‑derived consumable beverage product manufacturer and a hemp‑derived consumable product distributor, and wherein a hemp‑derived consumable product distributor is granted the right to offer, sell, and distribute within this State or any designated area thereof some or all of the hemp‑derived consumable product manufacturer’s hemp‑derived consumable products to hemp‑derived consumable product retailers.

 (8) “Food service establishment” means an establishment where food is prepared and served on premise.

 (9) “Hemp” means: 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 delta‑9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.

 (10) “Hemp‑derived cannabinoid” means any cannabinoid derived from a compound found in hemp including, but not limited to, delta‑9 tetrahydrocannabinol (delta‑9 THC), tetrahydrocannabinolic acid (THCA), cannabidiol (CBD), cannabidiolic acid (CBDA), cannabinol (CBN), cannabigerol (CBG), cannabicrhomene (CBC) cannabicycol (CBL), cannabivarin (CBV), tetrahydrocannabivarin (THCV), cannabidivarin (CBDV), cannabicitran (CBT), delta‑7 tetraydrocannabinol (delta‑7 THC), delta‑8 tetrahydrocannabinol (delta‑8 THC), delta‑10 tetrahydrocannabinol (delta‑10 THC), or hexahydrocannabinol (HHC). This term also includes any synthetic cannabinoid derived from hemp and contained in a hemp‑derived consumable product.

 (11) “Hemp‑derived consumable product” means a hemp product that is a finished good intended for human ingestion or inhalation that contains a delta‑9 THC concentration of not more than three‑tenths of one percent (0.3%) on a dry weight basis but may contain concentrations of other hemp‑derived cannabinoids in excess of that amount. This term does not include hemp products intended for topical application, or seeds or seed derived ingredients that are generally recognized as safe by the United States Food and Drug Administration.

 (12) “Hemp product” means hemp‑derived feed products; or hemp‑derived fiber, grain, or topical products.

 (13) “Independent testing laboratory” means a laboratory that meets all of the following conditions:

 (a) holds an ISO 17025 accreditation or is registered with the Drug Enforcement Administration in accordance with 21 C.F.R. Section 1301.13;

 (b) does not have a direct or indirect interest in the entity whose product is being tested;

 (c) does not have a direct or indirect interest in a facility that cultivates, processes, distributes, dispenses, or sells hemp‑derived consumable products in this State or any other jurisdiction; and

 (d) performs tetrahydrocannabinol concentration sampling and testing using the high‑performance chromatography (HPLC) method.

 (14) “Ingestion” means the process of consuming hemp through the mouth by swallowing into the gastrointestinal system or through tissue absorption.

 (15) “Inhalation” means the process of consuming hemp through the respiratory system through the mouth or nasal passageway.

 (16) “License” means a license issued in accordance with this chapter.

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

 (18) “Manufacturer” means any person who engages in the process of manufacturing, preparing, or packaging of hemp‑derived consumable products.

 (19) “Producer” means any person or entity that engages in the process of farming and harvesting hemp that is intended to be used in the manufacture of a hemp‑derived consumable product.

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

 (21) “Resident corporation” means a corporation incorporated under the laws of this State, all the officers and directors of which, and all the stockholders, who legally and beneficially own or control sixty percent or more of the stock in amount and in voting rights, must be qualified legal voters and taxpaying citizens of the county and municipality in which they reside and who have been bona fide residents of the State for a period of three years continuously immediately prior to the date of filing of application for a license, provided that a stockholder need not be a voter or a taxpayer, and all the resident stockholders of which must own, legally and beneficially, at least sixty percent of all the financial interest in the business to be licensed under the law; provided, that no corporation, licensed under the provisions of the law on January 1, 1947, nor any corporation succeeding to the business of a corporation licensed on January 1, 1947, as a result of a tax‑free reorganization coming within the provisions of Section 112, United States Internal Revenue Code, must be disqualified by reason of the new requirements herein, except corporations engaged in the manufacture of alcoholic beverages containing alcohol in excess of five percent by weight, or owned or controlled, directly or indirectly, by nonresident persons, partnerships, or corporations engaged in the manufacture of alcoholic beverages containing alcohol in excess of five percent by weight.

 (22) “Retailer” means a person or entity that sells products containing a hemp‑derived cannabinoid for consumption and not for resale.

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

 (24) “Serving” means a quantity of a hemp‑derived consumable product indicated on the packaging.

 (25)“Tincture” means hemp‑infused liquid or oil administered orally in small amounts using a dropper that indicates the serving size.

 Section 39‑81‑20. (A) No person may knowingly:

 (1) sell or distribute a product containing a hemp‑derived cannabinoid to a person who is under twenty‑one years of age or to purchase a product containing a hemp‑derived cannabinoid on behalf of a person who is under twenty‑one years of age;

 (2) persuade, entice, send, or assist a person who is under twenty‑one years of age to purchase, acquire, receive, or attempt to purchase a product containing a hemp‑derived cannabinoid. This section does not preclude law enforcement efforts involving:

 (a) the use of a minor if the minor’s parent or legal guardian has consented to this action; or

 (b) the use of a person under twenty‑one years of age who is not a minor if the individual has consented to this action;

 (3) distribute samples of products containing a hemp‑derived cannabinoid in or on a public street, sidewalk, or park; or

 (4) sell or distribute a product containing a hemp‑derived cannabinoid without having first obtained proof of age from the purchaser or recipient.

 (B) It is an offense for a person who is under twenty‑one years of age to knowingly purchase, possess, or accept receipt of a product containing a hemp‑derived cannabinoid or to knowingly present purported proof of age that is false, fraudulent, or not actually that person for the purpose of purchasing or receiving a product containing a hemp‑derived cannabinoid.

 (C) With the exception of hemp‑derived consumable beverage products, it is a violation to fail to maintain any product containing hemp‑derived cannabinoids behind the counter of a retail establishment in an area inaccessible to the customer. Any hemp‑derived consumable beverage product offered for retail sale shall be merchandised in such a manner including, but not limited to, signage, shelf‑talkers, and stickers on cooler doors, so as to clearly indicate to consumers the product contains hemp‑derived cannabinoids.

 (D) A violation of this section is a Class A misdemeanor.

 Section 39‑81‑30. (A) The department must enforce this chapter in a manner that may reasonably be expected to reduce the extent to which hemp‑derived consumable products are sold or distributed to persons under twenty‑one years of age, and must conduct random, unannounced inspections at locations where such products are sold or distributed to ensure compliance with this chapter.

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

 Section 39‑81‑40. (A) A person or entity that is in the business of hemp‑derived consumable products in this State, including a distributor, manufacturer, producer, or retailer, must obtain a license from the department authorizing the person or entity to engage in that business prior to the commencement of business or by July 1, 2025, whichever is later.

 (B) In order to obtain and maintain a distributor, manufacturer, producer, or retailer license under this section, a person must:

 (1) submit to the department information it prescribes as necessary for the efficient enforcement of this chapter;

 (2) pay to the department a fee of two hundred fifty dollars for distributors, manufacturers, and producers, and a fee for retailers of one hundred dollars per location; and not to exceed twenty‑five hundred dollars for an entity with multiple locations; and

 (3) consent to reasonable inspection and sampling by the department of the person’s inventory of hemp‑derived consumable products.

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

 (D) A license issued pursuant to this section is valid for a period of one year and may be renewed annually. The department must charge an annual renewal fee equal to the initial licensing fee.

 (E) The department is authorized to:

 (1) determine requirements for and issue licenses for the production of hemp in this State and for the manufacture or sale of hemp‑derived consumable products in this State;

 (2) deny or revoke licenses and issue civil penalties up to one thousand dollars for each violation of this chapter or rules promulgated pursuant to this section; and

 (3) promulgate regulations to effectuate the purposes of this section.

 (F) The department may issue licenses no more than three months from the date it promulgates rules subject to this chapter.

 (G) Notwithstanding the foregoing, any applicant that meets the requirements set forth in this chapter must be issued a license by the department.

 (H) The revenue collected from fees established under this section must be deposited in the state general fund and used exclusively for the administration of this chapter.

 (I) On or after the effective date of this act, no person may operate or begin operating in this State a retail establishment that sells or otherwise distributes products containing hemp‑derived cannabinoids to consumers that is located within one thousand feet of any educational institution, public or private, providing elementary or secondary education to children at any level, kindergarten through twelfth grade, or the equivalent thereof if grade designations are not used by such institution.

 Section 39‑81‑50. (A) It is an offense for a person or entity to engage in the business of manufacturing, producing, or selling products containing a hemp‑derived cannabinoid in this State without a valid license required by this chapter.

 (B) A violation of this section is a Class A misdemeanor. A product containing a hemp‑derived cannabinoid that is sold or offered for sale in violation of this section is subject to seizure and forfeiture.

 Section 39‑81‑60. (A) The manufacturer must have a hemp‑derived consumable product tested prior to distribution to a distributor or before distributing the product to a retailer. If the hemp‑derived consumable product is packaged in a manner that may be sold to the ultimate consumer of the product when delivered to the distributor and the distributor does not open such package, the distributor is not required to test the hemp‑derived consumable product. If the hemp‑derived consumable product is not packaged in a manner that may be sold to the ultimate consumer of the product when delivered to the distributor or the distributor does open the package, the distributor must have the hemp‑derived consumable product tested prior to distribution. The testing must determine the presence and amounts of any of the substances listed in subsection (B). No product that contains more than the maximum amount indicated for any substance in subsection (B) may be distributed or sold in this State.

 (B) The department must promulgate regulations specifying pass/fail action levels for safety and toxicity with respect to the testing required by this section. All hemp‑derived consumable products offered for sale or distribution in this State must be tested for the presence of and amount of the following substances:

 (1) heavy metals;

 (2) pesticides;

 (3) mycotoxins;

 (4) solvents; and

 (5) microbials.

 (C) A manufacturer or distributor must contract with an independent testing laboratory to provide the testing required under subsection (A).

 (D) An independent testing laboratory providing testing required under subsection (A) must use high‑performance liquid chromatography for any separation and measurement required in the testing.

 (E) Each hemp‑derived consumable product tested in accordance with this section must be accompanied by a validly issued Certificate of Analysis (COA) from an independent testing laboratory to demonstrate:

 (1) the batch identification number;

 (2) the date received;

 (3) the date of completion;

 (4) the method of analysis for each test conducted; and

 (5) proof that the certificate of analysis is connected to the product.

 (F) Each batch manufactured must undergo testing and obtain a certificate of analysis by an independent testing laboratory.

 (G) A hemp‑derived consumable product shall have an expiration date on the label that conforms with applicable federal law and must be no more than two years from the date of publication of the product’s laboratory testing report required by subsection (A).

 (H) The department must:

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

 (2) develop an application and process by which qualifying laboratories are listed on its website. The application submitted by a potentially qualifying laboratory must include a sample certificate of analysis issued by the applying laboratory.

 Section 39‑81‑70. (A) The label of a hemp‑derived consumable product offered for distribution or sale in this State must contain the following information, legibly displayed:

 (1) product name or common name, on the front of the label;

 (2) brand name, on the front of the label;

 (3) size of the container or net count of individual items, on the front of the label;

 (4) net weight or volume;

 (5) suggested product use, including serving sizes if the product is intended for ingestion or inhalation;

 (6) list of ingredients, including:

 (a) amount of any advertised cannabinoid, in milligrams; and

 (b) amount of any primary cannabinoid, in milligrams;

 (7) list of allergens;

 (8) manufacturer or distributor name and address;

 (9) batch number;

 (10) a statement that use while pregnant or breastfeeding may be harmful;

 (11) a statement that the product contains hemp‑derived cannabinoids and that consumption of certain cannabinoids may impair your ability to drive or operate heavy machinery;

 (12) a statement to keep out of the reach of children;

 (13) a statement that the product is only for persons over the age of twenty‑one;

 (14) a statement to consult your physician before use;

 (15) a statement that consuming hemp‑derived consumable products may result in a failed drug test; and

 (16) an expiration date in accordance with applicable law.

 (B) The label of each hemp‑derived consumable product intended for ingestion or inhalation must include the following text:

 (1) “THIS PRODUCT HAS NOT BEEN EVALUATED BY THE FOOD AND DRUG ADMINISTRATION. THIS PRODUCT IS NOT INTENDED TO DIAGNOSE, TREAT, CURE, MITIGATE, OR PREVENT ANY DISEASE.”; and

 (2) “WARNING – THE SAFETY OF THIS PRODUCT HAS NOT BEEN DETERMINED.”

 (C) Hemp‑derived consumable product labels must not:

 (1) have any likeness or bear any reasonable resemblance to a human, animal, cartoon character, or fictional character; or

 (2) appear to imitate a food, candy, or other commonly available snack product that is typically marketed toward or appealing to children.

 Section 39‑81‑80. A hemp‑derived consumable product that is sold in this State must meet the following requirements:

 (1) be labeled in accordance with Section 39‑81‑70 and include a quick response code that directs consumers to all label information required pursuant to Section 39‑81‑70 and all requirements pursuant to Section 39‑81‑60;

 (2) a retailer or producer of a product containing a hemp‑derived cannabinoid may not advertise, market, or offer for sale a product containing a hemp‑derived cannabinoid by using, in the labeling or design of the product or product packaging or in advertising or marketing materials for the product, trade dress, trademarks, branding, or other related imagery or scenery that depicts or signifies characters or symbols known to appeal primarily to persons under twenty‑one years of age. This does not prevent the use of drawings, illustrations, or artwork depicting nonmythical creatures, inanimate objects, scenery, humanoid characters, fruit‑ or flavor‑focused images, or any other items not known to appeal primarily to persons under twenty‑one years of age;

 (3) any hemp‑derived consumable product intended for ingestion that is not a liquid and not intended for inhalation may not:

 (a) be sold in a serving that contains more than 100 milligrams, in the aggregate, of one or more of the following hemp‑derived cannabinoids:

 (i) Delta‑8 THC;

 (ii) Delta‑9 THC; and

 (iii) Delta‑10 THC;

 (b) be formed in the shape of an animal or cartoon character.

 (4) Any hemp‑derived consumable product intended for ingestion that is a liquid and not intended for inhalation shall not be sold in a serving that contains more than 10 milligrams, in the aggregate, of one or more of the following hemp‑derived cannabinoids:

 (a) Delta‑8 THC;

 (b) Delta‑9 THC; and

 (c) Delta‑10 THC.

 (5) Any hemp‑derived consumable product intended for inhalation may not be sold in a container that contains more than six milliliters or six grams of hemp‑derived cannabinoids, in the aggregate, of one or more of the following hemp‑derived cannabinoids:

 (a) Delta‑8 THC;

 (b) Delta‑9 THC; and

 (c) Delta‑10 THC.

 Section 39‑81‑90. (A) This chapter does not permit a person to:

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

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

 (B) This chapter does not require an employer to accommodate the use of a hemp‑derived cannabinoid in a workplace or an employee working while under the influence of a hemp‑derived cannabinoid.

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

 Section 39‑81‑100. (A) Except in the case of a hemp‑derived consumable beverage manufacturer who sells less than one thousand gallons of product per year, no person, cooperative, or business holding any one of the three types of hemp‑derived consumable product licenses who is engaged in the production, manufacturing, distribution, or sale of hemp‑derived consumable beverages may hold either of the other two types of hemp‑derived consumable product licenses and may not have a financial interest, either direct or indirect, in a person, cooperative, or business holding any of the other two types of hemp‑derived consumable product licenses.

 (B) Except in the case of a hemp‑derived consumable beverage manufacturer who sells less than one thousand gallons of product per year, no hemp‑derived consumable beverage product manufacturer must directly solicit, sell, or otherwise convey hemp‑derived consumable products to retailers. Hemp‑derived consumable product manufacturers are authorized to solicit and sell hemp‑derived consumable products to hemp‑derived consumable product distributors. Hemp‑derived consumable product distributors are authorized to solicit and sell hemp‑derived consumable products to hemp‑derived consumable product retailers.

 (C) Hemp‑derived consumable beverage distributors must be resident corporations of this State.

 (D) All persons located in another state or country who deliver, ship, or cause to be delivered or shipped hemp‑derived consumable products directly to any South Carolina consumer must hold a valid hemp‑derived consumable product distributor or manufacturer license issued by the department.

 Section 39‑81‑110. (A) All retail establishments and food service establishments offering hemp‑derived consumable products must be licensed by the department in accordance with this chapter.

 (B) Hemp‑derived consumable products or class of products may be sold in retail and food service establishments if they have been registered in accordance with the registration requirements of Section 39‑81‑100. All other hemp‑derived consumables product or class of products are prohibited.

 (C) A retail establishment or food service establishment offering hemp‑derived consumable products at a temporary event or festival must:

 (1) register with the department; and

 (2) include a one hundred dollar temporary event registration fee;

 (D) Retail establishments offering hemp‑derived consumable products may not be located within one thousand feet of an elementary, middle, or high school.

 (E) A business that distributes, sells, or serves hemp‑derived consumable products may not employ any person who is under twenty‑one years of age, unless the person employed is at least eighteen years of age and under the direct supervision of a person twenty‑one years of age or older.

 (F) The sale of any hemp‑derived consumable product for on‑site consumption may not be conducted unless the age of the purchaser has been verified to be at least twenty‑one years of age or older.

 (G) For on‑site consumption of hemp‑derived consumable products:

 (1) only prepackaged registered hemp‑derived consumable products may be offered as ready‑to‑consume or for direct consumption at food service establishments, except as set forth in this section;

 (2) hemp‑derived consumable products mat not be added to an ingestible food product at a food service establishment;

 (3) hemp‑derived consumable beverage products may be added to a nonalcoholic ingestible beverage product at a food service establishment, provided the food service establishment can provide the consumer with a copy of the hemp‑derived consumable product’s registration issued with the department in conjunction with incorporating the hemp‑derived consumable beverage;

 (4) the food service establishment must obtain a copy of the department’s registration for each hemp‑derived consumable product and provide a copy upon inspection;

 (5) a food service establishment offering hemp‑derived consumable products must provide to consumers upon request:

 (a) the common name of the product;

 (b) the distributor or manufacturer of the product; and

 (c) a copy of the department’s registration for the hemp‑derived consumable product;

 (6) the food service establishment must notify the department within twenty‑four hours of becoming aware or within twenty‑four hours of when the food service establishment should have been aware of any serious adverse event to a hemp‑derived consumable product sold by the establishment.

 Section 39‑81‑120. No hemp‑derived consumable product manufacturer or distributor may pay to a hemp‑derived consumable hemp retailer, nor may any hemp‑derived consumable product retailer accept any payment, credit, or any other consideration to induce the hemp‑derived product retailer to advertise or display a hemp‑derived consumable product in a certain manner or the hemp‑derived consumable product retailer’s licensed premises

 Section 39‑81‑130. (A) An excise tax at the rate of two percent is imposed on the retail sale of a hemp‑derived consumable product. The tax is in addition to any tax imposed under any other provision of federal, state, or local law. For purposes of this article, the term “hemp‑derived consumable product” is as defined in Section 39‑81‑10.

 (B) The tax imposed by this section is intended to be passed on to and borne by the purchaser of the hemp‑derived consumable product. The tax is a debt from the purchaser to the retailer until paid and is recoverable by law by the retailer in the same manner as other debts. A retailer is considered to act as a trustee on behalf of the State when it collects tax from the purchaser on a taxable transaction. The tax must be stated and charged separately on any documentation provided to the purchaser by the retailer at the time of the transaction.

 Section 39‑81‑140. (A) If more than one franchise for the same brand or brands of hemp‑derived consumable beverage products is granted to different hemp‑derived consumable beverage product distributors in this State, it is a violation for any hemp‑derived consumable beverage product manufacturers to discriminate between the distributors with respect to any of the terms, provisions, and conditions of these franchises.

 (B) Notwithstanding the terms, provisions, and conditions of any franchise, no hemp‑derived consumable beverage product manufacturer may unilaterally terminate or refuse to continue or change substantially the condition of any franchise with the hemp‑derived consumable beverage product distributor unless the manufacturer has first established good cause for such termination, noncontinuance, or change.

 (C) Any hemp‑derived consumable beverage product distributor may bring an action in a court of competent jurisdiction against a consumable product manufacturer for violation of any of the provisions of this section and may recover damages sustained by such distributor together with the costs of the action and reasonable attorney’s fees.

 (D) In any action brought by a hemp‑derived consumable product distributor against a hemp‑derived consumable product manufacturer for termination, noncontinuance, or substantial change in violation of the provisions of this section, it is a complete defense for the hemp‑derived consumable product manufacturer to prove that the termination, noncontinuance, or change was done in good faith and for good cause.

 (D) As used in this section, “good faith” is the duty of each party to any franchise and all officers, employees, or agents thereof to act in a fair and equitable manner towards each other, and “good cause” means the following:

 (1) failure by the hemp‑derived consumable product distributors to comply substantially with the provisions of an agreement or understanding with the hemp‑derived consumable product manufacturer, which provisions are both essential and reasonable;

 (2) use of bad faith or failure to observe reasonable commercial standards of fair dealing in the trade; or

 (3) revocation or suspension for more than thirty days of the hemp‑derived consumable product distributor’s state and local license required for normal operations of its business.

 Section 39‑81‑150. (A) This chapter does not apply to a safe harbor hemp product or a safe harbor manufacturer or storage facility.

 (B) For the purposes of this section:

 (1)“Safe harbor hemp product” means a hemp‑derived compound or cannabinoid, whether a finished product or in the process of being produced, that is permitted to be manufactured for distribution, produced for distribution, packaged for distribution, processed for distribution, prepared for distribution, treated for distribution, transported for distribution, or held for distribution in this State for export from South Carolina but that is not permitted to be sold or distributed in this State.

 (2) “Safe harbor manufacturer or storage facility” means a facility that manufacturers for distribution, produces for distribution, packages for distribution, processes for distribution, prepares for distribution, treats for distribution, transports for distribution, or holds for distribution a safe harbor hemp product.

 Section 39‑81‑160. A. (A) Every local school district in this State must adopt and enforce a written policy prohibiting at all times the use of any tobacco or hemp‑derived consumable product by any person in school buildings, in school facilities, on school campuses, and in or on any other school property owned or operated by the local school administrative unit. The policy also must prohibit the use of any tobacco or hemp‑derived consumable product by persons attending a school‑sponsored event at a location not listed in this subsection when in the presence of students or school personnel or in an area where smoking or other tobacco or hemp‑derived consumable product use is otherwise prohibited by law.

 (B) The policy must include at least all of the following elements:

 (1) adequate notice to students, parents or guardians, the public, and school personnel of the policy;

 (2) posting of signs prohibiting at all times the use of tobacco or hemp‑derived consumable products by any person in and on school property; and

 (3) requirements that school personnel enforce the policy, including appropriate disciplinary action.

 (C) Disciplinary actions for violating the policy may include, but not be limited to:

 (1) for students: administrator and parent or legal guardian conference, mandatory enrollment in tobacco prevention education or cessation programs, community service, in‑school suspension, suspension from extracurricular activities, or out‑of‑school suspension;

 (2) for staff: verbal reprimand, written notification in personnel file, mandatory enrollment in tobacco prevention education, voluntary enrollment in cessation programs, or suspension;

 (3) for contract or other workers: verbal reprimand, notification to contract employer, or removal from district property; and

 (4) for visitors: verbal request to leave district property or prosecution for disorderly conduct for repeated offenses.

 (D) The local school district must collaborate with the department as appropriate, to implement the policy, including as part of tobacco education and cessation programs and substance use prevention efforts.

 (E) The policy may permit tobacco or hemp‑derived consumable products to be included in instructional or research activities in public school buildings if the activity is conducted or supervised by the faculty member overseeing the instruction or research and the activity does not include smoking, chewing, inhaling, or otherwise ingesting the tobacco or hemp‑derived consumable product.

 (F) Nothing in this section prohibits a local school administrative unit from adopting and enforcing a more restrictive policy on the use of tobacco or hemp‑derived consumable products in school buildings, in school facilities, on school campuses, or at school‑related or school‑sponsored events, and in or on other school property.

 (G) For purposes of this section:

 (1) “Tobacco product” has the same meaning as defined in Section 16‑17‑501.

 (2)“Hemp‑derived consumable product” has the same meaning as described in Section 39‑81‑10.

B. This section takes effect upon approval by the Governor and applies beginning with the 2026‑2027 School Year.

SECTION 3. This act takes effect upon approval by the Governor.

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