

HOUSE BILL 1243

By Hurt

AN ACT to amend Tennessee Code Annotated, Section 1-3-113; Title 39, Chapter 17, Part 15; Title 43, Chapter 27; Section 53-11-451 and Title 67, relative to hemp.

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

SECTION 1. Tennessee Code Annotated, Section 43-27-201, is amended by deleting the section and substituting:

The purpose of this part is to regulate the sale and distribution of smoking hemp and products containing a hemp-derived cannabinoid.

SECTION 2. Tennessee Code Annotated, Section 43-27-202, is amended by deleting subdivisions (3), (5), and (7) and substituting:

(3) "Manufacture":

(A) When referring to products containing a hemp-derived cannabinoid, 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; and

(B) When referring to smoking hemp, means to package, repackage, label, and relabel smoking hemp;

(5) "Retailer" means a person or entity that sells smoking hemp or products containing a hemp-derived cannabinoid for consumption and not for resale;

(7) "Supplier" means a person or entity that manufactures smoking hemp or hemp-derived cannabinoids or sells smoking hemp or products containing hemp-derived cannabinoids to retailers.

SECTION 3. Tennessee Code Annotated, Section 43-27-202, is amended by adding the following as a new subdivision:

() "Smoking hemp" means hemp that is offered for sale to the public with the intention that it is consumed by smoking and that does not meet the definition of a hemp-derived cannabinoid or a vapor product, as defined in § 39-17-1503;

SECTION 4. Tennessee Code Annotated, Section 43-27-203(a), is amended by deleting the subsection and substituting:

(a)

(1) It is an offense for a person or entity to engage in the business of manufacturing, producing, or selling smoking hemp or products containing a hemp-derived cannabinoid in this state without a valid license required by this part.

(2) A product containing a hemp-derived cannabinoid or smoking hemp that is sold or offered for sale in violation of subdivision (a)(1) is subject to seizure and forfeiture pursuant to § 53-11-451.

SECTION 5. Tennessee Code Annotated, Section 43-27-205, is amended by deleting the language "hemp-derived cannabinoid products" in subdivision (a)(2) and substituting "smoking hemp and hemp-derived cannabinoid products"; and by deleting subdivision (a)(3) and substituting:

(3) Conducting random, unannounced inspections at locations where smoking hemp, hemp-derived cannabinoids, and products containing hemp-derived cannabinoids are manufactured, distributed, or sold to ensure compliance with this part.

SECTION 6. Tennessee Code Annotated, Section 43-27-206(a), is amended by designating the existing language as subdivision (a)(1) and adding the following as a new subdivision:

(2) A person or entity that is in the business of manufacturing or selling smoking hemp in this state, including as a supplier or retailer, and who is not licensed pursuant subdivision (a)(1), 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.

SECTION 7. Tennessee Code Annotated, Section 43-27-206(b)(1)(C), is amended by deleting the language "inventory of products" and substituting "inventory of smoking hemp and products".

SECTION 8. Tennessee Code Annotated, Section 43-27-206(b)(3)(A), is amended by deleting the subdivision and substituting:

(A) A retail location that is within five hundred feet (500') of a private school, public school, or charter school that serves any grades from kindergarten through grade twelve (K-12) shall not sell smoking hemp or products containing a hemp-derived cannabinoid, unless the applicant provides the department with documentation that establishes that products containing a hemp-derived cannabinoid were being offered for sale at retail at such location on the effective date of this act.

SECTION 9. Tennessee Code Annotated, Section 43-27-206(b)(3)(B), is amended by deleting the language "and video recordings" and substituting "video recordings, affidavits, and any other reliable record, as determined by the department,".

SECTION 10. Tennessee Code Annotated, Section 43-27-206(d)(1), is amended by deleting the language "sale of products" and substituting "sale of smoking hemp and products".

SECTION 11. Tennessee Code Annotated, Section 43-27-209, is amended by designating the existing language as subdivision (a)(1) and adding the following as a new subdivision:

(2) Smoking hemp that is sold at retail must:

(A) Satisfy the child-resistant effectiveness standards under 16 CFR 1700.15(b)(1) when tested in accordance with the requirements of 16 CFR 1700.20; and

(B) Be labeled with:

(i) A warning statement concerning the risk of impairment from consumption of the product, keeping the product out of the reach of children, and other warning information as required by rule promulgated by the department;

(ii) The net weight of the smoking hemp;

(iii) A quick response (QR) code that can be scanned to access a website providing the results of the potency testing on the smoking hemp; and

(iv) An expiration date that is not later than one (1) year after the date of the potency test results made available at the QR code as required by subdivision (a)(2)(B)(iii).

SECTION 12. Tennessee Code Annotated, Section 43-27-209, is amended by deleting the language "obtains a product" in subsection (b) and substituting "obtains smoking hemp or a product"; by deleting "a product containing a hemp-derived cannabinoid shall not advertise, market, or offer for sale" in subsection (c) and substituting "smoking hemp or a product containing a hemp-derived cannabinoid shall not advertise, market, or offer for sale smoking

hemp or"; and by deleting "products" in subsection (e) and substituting "smoking hemp and products".

SECTION 13. Tennessee Code Annotated, Section 43-27-210, is amended by adding the language "smoking hemp or" immediately preceding the language "a hemp-derived cannabinoid" wherever it appears in subsections (a)-(c); adding the word "product" immediately preceding the period in subdivision (b)(3); and adding the word "product" immediately following the language "hemp-derived cannabinoid" in subsection (c).

SECTION 14. Tennessee Code Annotated, Section 67-6-232(a), is amended by deleting the subsection and substituting instead:

(a) For the exercise of the privilege of engaging in the business of selling smoking hemp and products containing a hemp-derived cannabinoid in this state pursuant to title 43, chapter 27, part 2, there is levied an additional tax at the rate of six percent (6%) of the sales price of smoking hemp and products containing a hemp-derived cannabinoid when sold at retail in this state.

SECTION 15. Tennessee Code Annotated, Section 67-6-232(c), is amended by deleting "products containing a hemp-derived cannabinoid" and substituting "smoking hemp and products containing a hemp-derived cannabinoid".

SECTION 16. For the purpose of promulgating rules, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2025, the public welfare requiring it.