



# HOUSE BILL 900: Certain CIHS Partners/Regulate Tobacco Prod.

2023-2024 General Assembly

<b>Committee:</b>	Senate Rules and Operations of the Senate	<b>Date:</b>	June 20, 2024
<b>Introduced by:</b>	Reps. Paré, Crawford, Liu, Cervania	<b>Prepared by:</b>	Robert Ryan
<b>Analysis of:</b>	Third Edition		Staff Attorney

## OVERVIEW: House Bill 900 would do the following:

- *Authorize the State Board of Education to approve the substitution of a new higher education partner for two Wake County Public School System (WCPSS) cooperative innovative high schools (CIHSs), authorize WCPSS to continue to operate the schools as CIHSs while seeking a new higher education partner during the 2024-2025 and 2025-2026 school years.*
- *Create a new regulatory system for the certification of consumable products and vapor products, including the creation of a public directory of these certified products, and provide enforcement mechanisms for violations of this new regulatory system.*

## CURRENT LAW AND BILL ANALYSIS:

### CONTINUED STATUS AS A COOPERATIVE INNOVATIVE HIGH SCHOOL AND SUBSTITUTION OF HIGHER EDUCATION PARTNER

**Part 9 of Article 16 of Chapter 115C** authorizes the establishment of cooperative innovative high schools (CIHSs). CIHSs are high schools formed through a partnership between a local school administrative unit (LEA) and an institution of higher education and provide high school students the opportunity to earn an associate degree, college credit, or a vocational certification along with their high school diploma. The partnership operates under a written agreement that is approved by the State Board of Education and the applicable governing board for the institution of higher education.

CIHSs are granted flexibility in operation similar to charter schools. Higher education tuition costs are paid for through State funds and are at no cost to the students. Recurring additional funds may also be provided to CIHSs through appropriations by the General Assembly. Additional funds are appropriated following submission of the schools by the State Board of Education to the General Assembly for conditional approval, but there is no process for substitution of a new higher education partner for a CIHS.

**Section 1** of House Bill 900 would continue to recognize the Wake Young Men's Leadership Academy and the Wake Young Women's Leadership Academy (academies) as CIHSs with recurring funds for the 2024-2025 and 2025-2026 school years without a higher education partner. The academies would be required to provide students with opportunities to earn postsecondary credit.

The State Board of Education would be required to approve an application for a substitute higher education partner in the academies' written agreement during the same two-year period if the partner meets statutory requirements and the application is appropriately submitted. Once approved, the academies would continue to receive recurring funds without additional action by the General Assembly.

**Section 1** is effective when it becomes law.

### REGULATE TOBACCO PRODUCTS

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G.S. 14-313 contains the laws regulating the sale of tobacco products. Under current law, vapor products are not required to be listed on any state registry.

**Section 2.(a)** of the bill would modify G.S. 14-313 to provide for fines and civil penalties for the sale or distribution of a "consumable product" or "vapor product" that is not listed on the newly created registry. The creation of this registry is addressed by section 2.(b) of this bill.

"Consumable product" is defined as follows: "Any nicotine liquid solution or other material containing nicotine that is depleted as a vapor product is used." A consumable product does not contain any tobacco leaf.

"Vapor product" is defined as follows: "Any noncombustible product that employs a mechanical heating element, battery, or electronic circuit regardless of shape or size and that can be used to heat a consumable product. The term includes an electronic cigarette, electronic cigar, electronic cigarillo, and electronic pipe. The term does not include any product regulated by the United States Food and Drug Administration under Chapter V of the federal Food, Drug, and Cosmetic Act."

A retailer, distributor, or wholesaler would be subject to the following fines and civil penalties for the sale of a consumable product or vapor product that is not listed on the approved registry:

- For a first violation → subject to a warning with a mandatory reinspection.
- For a second violation within a 12-month period → a fine between \$500 and \$750, and a 30-day license suspension if the party is licensed.
- For a third violation within a 12-month period → a fine between \$1,000 and \$1,500, and a license revocation if the party is licensed.
- Additionally, for any second or subsequent violation → consumable products and vapor products not on the registry are subject to seizure and forfeiture.

A manufacturer whose consumable products or vapor products are not listed on the directory and who causes these products to be sold in North Carolina is subject to the following penalties:

- A fine of \$10,000 for each individual product offered for sale.
- A misdemeanor for each false representation made on a registration certification form.

**Section 2.(b)** would enact a new part in Article 4 of Chapter 143B of the General Statutes, titled: "Certification and Directory of Vapor Products and Consumable Products." This new article would create a new regulatory system that would require manufacturers to seek certification for consumable products and vapor products with the Department of Revenue before those products could be sold in North Carolina. Manufacturers would be required to complete a certification form demonstrating that the manufacturer has complied with the applicable federal law related to the particular product and pay the required fees. The new article would also create a new public directory available online which would list the certified consumable products and vapor products that have been certified for sale in North Carolina by the Department of Revenue. Beginning on the earlier of either May 1, 2025, or the date that the Department of Revenue first publishes the directory online, only consumable products and vapor products listed on the registry would be authorized for sale in North Carolina, with a 60-day grace period for compliance.

**Section 2** becomes effective December 1, 2024.

**EFFECTIVE DATE:** Except as otherwise provided, this bill would become effective when it becomes law.

**BACKGROUND:** The Wake Young Men's Leadership Academy and the Wake Young Women's Leadership Academy are CIHSs operated within the Wake County Public School System. Both schools were previously partnered with St. Augustine's University, which is currently reporting to be in a probationary status pending

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arbitration proceedings following a denied appeal for loss of accreditation. Wake County Public School System is currently seeking a new four-year higher education partner.

*\*Kara McGraw, staff attorney with the Legislative Analysis Division, substantially contributed to this summary.*