

**SB255 INTRODUCED**



1 SB255  
2 PS18DGR-1  
3 By Senators Smitherman, Coleman-Madison, Coleman, Stewart,  
4 Hatcher  
5 RFD: Tourism  
6 First Read: 18-Mar-25



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SYNOPSIS:

Under existing law, products that contain cannabinoids found in or derived from hemp may not be sold to minors but are otherwise not regulated.

This bill would regulate the sale of products containing cannabinoids found in or derived from hemp, defined as novel cannabinoid products.

This bill would require the Department of Revenue to license and regulate retailers of novel cannabinoid products.

This bill would prohibit any business that sells or serves alcoholic beverages from obtaining a license.

This bill would require the Department of Agriculture and Industries to approve testing and labeling requirements that each retailer must undergo before selling any given novel cannabinoid product.

This bill would levy a tax of six percent on the sales price of all novel cannabinoid products.

This bill would also create the Novel Cannabinoid Safety Fund and require all license fees, civil penalties, and tax proceeds be deposited into this fund and used to administer this act and otherwise protect the public from unregulated cannabinoid products.



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A BILL

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TO BE ENTITLED

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AN ACT

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Relating to cannabinoid products; to regulate products  
35 containing cannabinoids found in or derived from hemp, defined  
36 as novel cannabinoid products; to require licensure of  
37 cannabinoid product retailers by the Department of Revenue; to  
38 require testing and labeling of novel cannabinoid products; to  
39 require the Department of Agriculture and Industries to  
40 approve testing and labeling of all novel cannabinoid  
41 products; to prohibit cannabinoid product retailers from also  
42 selling alcoholic beverages; to impose a tax on the sales  
43 price of all novel cannabinoid products; to create the Novel  
44 Cannabinoid Safety Fund and provide for distribution of the  
45 fees, civil penalties, and tax proceeds deposited into the  
46 fund; and to provide for civil penalties for violations of  
47 this act.

48

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

49

Section 1. The Legislature finds all of the following:

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(1) The sale and consumption of novel cannabinoids such  
51 as tetrahydrocannabinolic acid (THCa),  
52 delta-8-tetrahydrocannabinol (delta-8 THC), and other  
53 hemp-derived THC products have increased rapidly, leading to  
54 growing public health and safety concerns.

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(2) Currently, these products are largely unregulated,  
56 leading to the proliferation of potentially dangerous or



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57 mislabeled products being sold in convenience stores and other  
58 establishments that also sell alcoholic beverages.

59 (3) This act seeks to create a sustainable revenue  
60 stream for the state while ensuring that novel cannabinoid  
61 products are sold in a controlled and regulated environment to  
62 prevent misuse, especially in locations where alcoholic  
63 beverages are sold.

64 (4) The Alabama Department of Agriculture and  
65 Industries will play a crucial role in overseeing safety and  
66 regulatory compliance for cannabinoid products to safeguard  
67 consumers and strengthen the state's hemp program.

68 Section 2. For purposes of this act, the following  
69 terms have the following meanings:

70 (1) CANNABINOID RETAILER. Any person that sells novel  
71 cannabinoid products at retail.

72 (2) NOVEL CANNABINOID PRODUCT. Any product containing a  
73 compound found in or derived from hemp, as defined in Section  
74 2-8-281, Code of Alabama 1975, including, but not limited to,  
75 cannabidiol (CBD), tetrahydrocannabinolic acid (THCa),  
76 hexahydrocannabinol (HHC), and any tetrahydrocannabinol (THC).

77 Section 3. (a)(1) On and after January 1, 2026, any  
78 business seeking to sell novel cannabinoid products shall  
79 apply for a cannabinoid retailer license to the Department of  
80 Revenue, on a form prescribed by the department, along with a  
81 filing fee as determined by the department, by rule. The  
82 department may impose qualifications for applicants, including  
83 a criminal background check.

84 (2) The licensee shall renew a license annually in a



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85 manner determined by the department.

86 (3) The department may require licensees to submit the  
87 testing and labeling approvals issued by the Department of  
88 Agriculture and Industries under Section 4 annually or at  
89 other times as determined by the Department of Revenue.

90 (b) The Department of Revenue may not issue a license  
91 to any business that at the time of application is operating  
92 pursuant to a license issued by the Alabama Alcoholic Beverage  
93 Control Board to sell at retail alcoholic beverages, whether  
94 for on-premises or off-premises consumption.

95 (c) A business must obtain a separate license for each  
96 cannabinoid retailer location.

97 (d) An applicant for licensure must include in the  
98 application proof that the applicant meets appropriate zoning  
99 laws and has obtained a business license, if applicable.

100 (e) A business issued a cannabinoid retailer license:

101 (1) Shall clearly display the license and tax  
102 registration in its premises;

103 (2) Shall ensure that at least 80 percent of all  
104 merchandise and sales within the licensed premises consists of  
105 novel cannabinoid products; and

106 (3) May not sell any novel cannabinoid product until  
107 the business has received approval from the Department of  
108 Agriculture and Industries that the product has been properly  
109 tested and is properly labeled as provided in Section 4.

110 (f) The Department of Revenue, by rule, may establish  
111 additional requirements on licensees, including, but not  
112 limited to, security measures to be taken at the licensed



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113 premises and reporting requirements.

114           Section 4. (a) Beginning January 1, 2026, the  
115 Department of Agriculture and Industries shall establish  
116 testing and labeling requirements that must be conducted on  
117 each novel cannabinoid product prior to sale of the product in  
118 this state. A cannabinoid retailer shall submit to the  
119 department, in a form prescribed by the department, results of  
120 the testing and a copy of the label, along with a fee of  
121 twenty dollars (\$20) for each novel cannabinoid product.

122           (b) Testing must be conducted by a third-party,  
123 independent laboratory that tests the potency, purity, and  
124 safety of each novel cannabinoid product. The Department of  
125 Agriculture and Industries shall establish standards and  
126 guidelines for the testing.

127           (c) Each novel cannabinoid product shall be labeled in  
128 a manner that states the total content of cannabinoid  
129 compounds, including total THCs, in milligrams, contained in  
130 the product on a per serving basis. The label must also  
131 include the potential health risks associated with cannabinoid  
132 use, as determined by the Department of Agriculture and  
133 Industries. The label must reflect the results revealed in the  
134 testing of the product.

135           (d) Once the Department of Agriculture and Industries  
136 reviews the testing results and verifies that the label  
137 accurately reflects the testing results, the department shall  
138 notify the cannabinoid retailer and submit to the licensee an  
139 official approval certification. The cannabinoid retailer may  
140 then sell the product, provided the licensee shall maintain



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141 the testing and label approval certification on the licensed  
142 premises at all times.

143 (e) The Department of Agriculture and Industries shall  
144 adopt rules to implement this section.

145 Section 5. The Department of Revenue may suspend or  
146 revoke the license of a cannabinoid retailer or impose a civil  
147 penalty if the department determines that:

148 (1) The application for licensure included false  
149 information;

150 (2) An individual with a 10 percent or greater business  
151 interest in the licensee has been convicted of a crime  
152 relating to a controlled substance;

153 (3) The licensee sold a product without the testing and  
154 label approval required under Section 4; or

155 (4) The licensee violated a condition or requirement of  
156 the license as provided by rule of the Department of Revenue.

157 Section 6. (a) In addition to all other taxes imposed  
158 by law, a tax is levied on the sales of all novel cannabinoid  
159 products sold pursuant to this act at the rate of six percent  
160 of the sales price of the novel cannabinoid product. The  
161 cannabinoid retailer licensee shall collect the tax from each  
162 customer and remit the tax to the Department of Revenue on a  
163 quarterly basis in a manner determined by the department.

164 (b) The department shall deposit the tax proceeds into  
165 the Novel Cannabinoid Safety Fund established under Section 7  
166 and be used by the Department of Revenue to administer and  
167 enforce this act or as otherwise needed to protect the health  
168 and safety of residents of this state from products containing



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169 unregulated THC or other drugs.

170           Section 7. The Novel Cannabinoid Safety Fund is  
171 established in the State Treasury. Fees, tax proceeds, and  
172 civil penalties collected pursuant to this act shall be  
173 deposited into the fund. Amounts deposited shall be budgeted  
174 and allotted in accordance with Sections 41-4-80 through  
175 41-4-96 and Sections 41-19-1 through 41-19-12, Code of Alabama  
176 1975.

177           Section 8. (a) The Department of Revenue, in  
178 coordination with the Department of Agriculture and  
179 Industries, the Alabama State Law Enforcement Agency, and  
180 local law enforcement agencies, shall enforce this act.

181           (b) The Department of Revenue may impose a civil  
182 penalty of up to ten thousand dollars (\$10,000) against any  
183 person that sells novel cannabinoid products without obtaining  
184 a license issued pursuant to this act. The monies collected  
185 from civil penalties shall be deposited into the Novel  
186 Cannabinoid Safety Fund established under Section 7.

187           Section 9. The Department of Revenue shall adopt rules  
188 to implement this act.

189           Section 10. Beginning January 1, 2027, and annually by  
190 January 1 thereafter, the Department of Revenue shall report  
191 to the Legislature the number of licenses issued under this  
192 act and the total fees, tax proceeds, and civil penalties  
193 imposed under this act for the preceding calendar year. The  
194 department shall specify how the funds were used and recommend  
195 any proposed legislation relating to the regulation and sale  
196 of novel cannabinoid products.





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197           Section 11. This act shall become effective on January  
198   1, 2026, except Sections 3, 4, and 9 shall become effective  
199   July 1, 2025.