GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2005

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SENATE BILL 686

Judiciary II Committee Substitute Adopted 4/26/05 Third Edition Engrossed 4/28/05 House Committee Substitute Favorable 7/25/05

Short Title:	Meth. Lab Prevention Act.	(Public)

Sponsors:

Referred to:

March 21, 2005

A BILL TO BE ENTITLED 1 2 **THAT** AN ACT TO **PROVIDE** ALL **PRODUCTS THAT CONTAIN** 3 PSEUDOEPHEDRINE SHALL NOT BE OFFERED FOR SELF-SERVICE SALES, BUT SHALL BE: (1) STORED BEHIND THE COUNTER OR IN A 4 LOCKED CABINET AND SOLD AT A SINGLE REGISTER IN RETAIL 5 ESTABLISHMENTS WITHOUT A PHARMACY ON THE PREMISES, AND (2) 6 STORED AND SOLD BEHIND A PHARMACY COUNTER IN RETAIL 7 8 ESTABLISHMENTS WITH A PHARMACY ON THE PREMISES; TO PROVIDE 9 THAT RETAILERS OF PSEUDOEPHEDRINE PRODUCTS MAINTAIN SURVEILLANCE OF 10 CONTINUOUS AREAS INVOLVING PSEUDOEPHEDRINE TRANSACTIONS IN RETAIL ESTABLISHMENTS 11 WITHOUT A PHARMACY; TO PROVIDE THAT RETAILERS MUST 12 13 REQUIRE IDENTIFICATION FROM PROSPECTIVE PURCHASERS AND MAINTAIN INFORMATION FROM EACH TRANSACTION IN A RECORD 14 AVAILABLE FOR INSPECTION BY LAW ENFORCEMENT; TO PROVIDE 15 **PRODUCTS** 16 **PURCHASE** LIMITS ON **THAT** 17 PSEUDOEPHEDRINE OF TWO PACKAGES PER SINGLE TRANSACTION AND THREE PACKAGES PER MONTH; TO PROVIDE THAT RETAILERS 18 **EMPLOYEES INVOLVED** THE 19 **MUST** TRAIN IN SALE PSEUDOEPHEDRINE PRODUCTS; TO PROVIDE FOR CRIMINAL AND 20 CIVIL PENALTIES FOR RETAILERS', EMPLOYEES', AND PURCHASERS' 21 VIOLATIONS OF THE ACT; TO ESTABLISH THE NORTH CAROLINA 22 23 METHAMPHETAMINE ABUSE TASK FORCE: TO REOUIRE **THAT DISTRIBUTORS** 24 WHOLESALE OF **PRODUCTS** CONTAIN 25 PSEUDOEPHEDRINE MUST BE LICENSED UNDER ARTICLE 12A OF CHAPTER 106 OF THE GENERAL STATUTES; TO PROVIDE THAT 26 STEALING A PRODUCT THAT CONTAINS PSEUDOEPHEDRINE IS FELONY 27

LARCENY; TO MAKE THE MANUFACTURE OF METHAMPHETAMINE IN 1 2 A DWELLING THAT IS ONE OF FOUR OR MORE CONTIGUOUS 3 **DWELLINGS** AN AGGRAVATING FACTOR; TO **PROVIDE** RESTRICTED BAIL FOR CERTAIN PERSONS ARRESTED FOR VIOLATIONS 4 5 OF G.S. 90-95(B)(1A) OR G.S 90-95(D1)(2)B.; AND TO PROHIBIT THE SALE 6 OF DRUGS AS DEFINED UNDER THE NORTH CAROLINA FOOD, DRUG, 7 AND COSMETIC ACT AND PRODUCTS CONTAINING PSEUDOEPHEDRINE 8 BY CERTAIN PERSONS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 90 of the General Statutes is amended by adding a new Article to read:

"Article 5D.

"Control of Methamphetamine Precursors.

"<u>§ 90-113.50. Title.</u>

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This Article shall be known and may be cited as the "Methamphetamine Lab Prevention Act of 2005."

"§ 90-113.51. Definitions.

- (a) For purposes of this Article, "pseudoephedrine product" means a product containing any detectable quantity of pseudoephedrine or ephedrine base, their salts or isomers, or salts of their isomers.
- (b) For purposes of this Article, a "retailer" means an individual or entity that is the general owner of an establishment where pseudoephedrine products are available for sale.

"§ 90-113.52. Pseudoephedrine: restrictions on sales.

- (a) A product whose sole active ingredient is pseudoephedrine in strength of 30 milligrams or more per tablet or caplet shall not be offered for retail sale loose in bottles but shall be sold only in blister packages.
- (b) Pseudoephedrine products shall not be offered for retail sale by self-service, but shall be stored and sold in the following manner:
 - (1) In retail establishments that have a pharmacy on the premises, the products shall be stored and sold behind the pharmacy counter.
 - (2) In retail establishments that do not have a pharmacy on the premises, the products shall be stored behind a single counter or barrier or in a single locked container in such a manner that the products are not accessible by the public and are only accessible by a retail store employee trained in accordance with G.S. 90-113.55. The products shall be sold at a single designated register.
- (c) In retail establishments that do not have a pharmacy on the premises, a retailer shall maintain continuous recorded video surveillance of the portion of the premises where the pseudoephedrine products are available for sale in a manner that satisfies the following conditions:
 - (1) A video camera shall be positioned so that the area where the products are displayed are visible.

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- 1 (2) Any recording shall have the capability to allow video image playback in real time format.
 - (3) The images recorded shall be preserved for a minimum of 60 days.
 - (4) The images recorded shall have a legible date and time notation.
 - (5) The images recorded shall be available to law enforcement authorities within 48 hours upon request.
 - (6) A sign or placard shall be posted in a clear and conspicuous manner giving notice to the public of the surveillance.
 - (d) Any retailer may request from the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services an exemption from the surveillance requirement set forth in subsection (c) of this section or any of the conditions listed under subdivisions (1), (2), (3), and (4) of subsection (c) of this section. The person requesting the exemption has the burden of proof, by a preponderance of the evidence, for the exemption. In order to receive an exemption, the person shall provide the Commission with sufficient evidence to demonstrate that: (i) compliance with the requirement would constitute a substantial economic hardship; (ii) compliance with the requirement would be physically impracticable on the premises; and (iii) the retailer has implemented substantially equivalent security measures, including, but not limited to, reliable anti-theft devices. The Commission may adopt rules to implement the provisions of this subsection.
 - A pseudoephedrine product may be sold at retail without a prescription only to a person at least 18 years of age. The retailer shall require every retail purchaser of a pseudoephedrine product to furnish photo identification. If the retailer has reasonable grounds to believe that the prospective purchaser is under 18 years of age, the retailer shall require the prospective purchaser to furnish photo identification showing the date of birth of the person. The name and address of every purchaser shall be entered in a record of disposition of pseudoephedrine products to the consumer on a form approved by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services. The record of disposition shall also identify each pseudoephedrine product purchased, including the number of grams the product contains and the purchase date of the transaction. The retailer shall require that every purchaser sign the form attesting to the validity of the information. The form approved by the Commission shall be constructed and maintained so as to minimize disclosure of personal information to unauthorized persons and shall contain a statement in at least 10-point boldface type at the top of every page "NORTH CAROLINA LAW STRICTLY PROHIBITS A SINGLE TRANSACTION PURCHASE OF MORE THAN TWO PACKAGES OF PRODUCTS CONTAINING PSEUDOEPHEDRINE (SIX GRAMS TOTAL), AND NO MORE THAN THREE PACKAGES (NINE GRAMS TOTAL) OF PRODUCTS CONTAINING PSEUDOEPHEDRINE WITHIN A 30-DAY PERIOD. BY MY SIGNATURE, I ATTEST THAT THE INFORMATION I HAVE PROVIDED IN CONNECTION WITH THIS TRANSACTION IS TRUE AND CORRECT AND THAT THIS TRANSACTION DOES NOT EXCEED THE PURCHASE RESTRICTIONS. I ACKNOWLEDGE THAT KNOWING AND WILLFUL VIOLATION OF THE PURCHASE RESTRICTIONS OR THE FURNISHING OF

FALSE INFORMATION IN CONNECTION THEREWITH MAY SUBJECT ME TO CRIMINAL PENALTIES."

(f) A retailer shall maintain a record of disposition of pseudoephedrine products to the consumer for a period of two years from the date of each transaction. The records shall be readily available for inspection by an authorized official of a federal, State, or local law enforcement agency. The records maintained by a retailer are privileged information and are not public records but are for the exclusive use of the retailer and law enforcement. The retailer shall destroy the information after two years from the date of the transactions.

"§ 90-113.53. Pseudoephedrine transaction limits.

- (a) No person shall deliver or purchase, or attempt to deliver or purchase, in any single over-the-counter retail sale more than two packages containing a combined total of more than six grams of any pseudoephedrine products. This limit does not apply if the product is dispensed under a valid prescription.
- (b) No person shall purchase at retail more than three packages containing a combined total of more than nine grams of pseudoephedrine products within any 30-day period. This limit does not apply if the product is dispensed under a valid prescription.

"§ 90-113.54. Posting of signs.

A retailer shall post a sign or placard in a clear and conspicuous manner in the area of the premises where the pseudoephedrine products are offered for sale stating: "North Carolina law strictly prohibits a single transaction purchase of more than two packages (six grams total) of products containing pseudoephedrine, and no more than three packages (nine grams total) of products containing pseudoephedrine within a 30-day period. This store will maintain a record of all sales of these products which may be accessible to law enforcement officers."

"§ 90-113.55. Training of employees.

A retailer shall require that employees of the establishment involved in the sale of pseudoephedrine be trained in a program conducted by or approved by the North Carolina Methamphetamine Abuse Task Force pursuant to G.S. 90-113.60.

"§ 90-113.56. Penalties.

- (a) If a retailer willfully and knowingly violates the provisions of G.S. 90-113.52, 90-113.53, or 90-113.54, the retailer shall be guilty of a Class A1 misdemeanor for the first offense and a Class I felony for a second or subsequent offense. A retailer convicted of a third offense occurring on the premises of a single establishment shall be prohibited from making pseudoephedrine products available for sale at that establishment.
- (b) Any purchaser or employee who willfully and knowingly violates G.S. 90-113.52(e) or G.S. 90-113.53 shall be guilty of a Class 1 misdemeanor for the first offense, a Class A1 misdemeanor for a second offense, and a Class I felony for a third or subsequent offense. This subsection shall not be construed to apply to bonafide innocent purchasers.
- (c) A retailer who fails to train employees in accordance with G.S. 90-113.55, adequately supervise employees in transactions involving pseudoephedrine products, or reasonably discipline employees for violations of this Article, shall be fined up to five

hundred dollars (\$500.00) for the first violation, up to seven hundred fifty dollars (\$750.00) for the second violation, and up to one thousand dollars (\$1,000) for a third or subsequent violation of this section.

"§ 90-113.57. Immunity.

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A retailer or an employee of the retailer who, reasonably and in good faith, reports to any law enforcement agency any alleged criminal activity related to the sale or purchase of pseudoephedrine products, or who refuses to sell a pseudoephedrine product to a person reasonably believed to be ineligible to purchase a pseudoephedrine product pursuant to this Article, is immune from civil liability for that conduct except in cases of willful misconduct. No retailer shall retaliate in any manner against any employee of the establishment for a report made in good faith to any law enforcement agency concerning alleged criminal activity related to the sale or purchase of pseudoephedrine products.

"§ 90-113.58. Product exemption.

- Any person may request from the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services an exemption or conditional exemption from the requirements of this Article or from the requirements of Article 12A of Chapter 106 of the General Statutes for a specific pseudoephedrine product. The person requesting the exemption has the burden of proof, by a preponderance of the evidence, for the exemption. The person shall provide the Commission with evidence that: (i) the product has been formulated in a way that serves as an effective general deterrent to the conversion of pseudoephedrine into methamphetamine; or (ii) conversion of the product into methamphetamine is so cost prohibitive or otherwise ineffective that the product is not being used or is unlikely to be used in the production of methamphetamine. This evidence shall include the furnishing of a valid scientific study, conducted by a professional laboratory and evincing professional quality chemical analysis, which is in accordance with uniform parameters set forth in writing by the Commission. This report shall include data, which is documented and can be reviewed, and a clear delineation of methodology. The Commission may adopt rules to implement the provisions of this section.
- (b) In deciding whether to grant an exemption, the Commission shall consider all of the following factors:
 - (1) Ease with which the product can be converted into methamphetamine.
 - (2) Ease with which pseudoephedrine is extracted from the substance and whether it forms an emulsion, salt, or other form.
 - (3) Whether the product contains a molecular lock that renders it incapable of conversion into methamphetamine.
 - (4) Presence of other ingredients that render the product less likely to be used in the manufacture of methamphetamine.
 - (5) Any pertinent data that can be used to determine the risks of the substance being used in the illegal manufacture of methamphetamine or any other controlled substance.

"§ 90-113.59. Preemption.

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This Article shall preempt all local ordinances or regulations governing the sale by a retailer of over-the-counter products containing pseudoephedrine.

"§ 90-113.60. North Carolina Methamphetamine Abuse Task Force.

- (a) Establishment. The North Carolina Methamphetamine Abuse Task Force is established. The Task Force shall be located within the Department of Justice for organizational, budgetary, and administrative purposes.
- (b) Purpose. The purpose of the Task Force is to: (i) study issues regarding the abuse of methamphetamine precursors used to make methamphetamine and any other issues that are relevant to that topic; (ii) study the cost, feasibility, and advisability of developing and implementing data tracking mechanisms related to the sale of pseudoephedrine products; (iii) develop and implement programs to curb the use of and access to methamphetamine in North Carolina; (iv) develop training and education programs targeted for employees of establishments where pseudoephedrine products are available for sale; (v) supply or approve training programs for establishments where pseudoephedrine products are available for sale; (vi) develop and implement programs to educate the citizens of the State on the issues of detection and prevention of clandestine methamphetamine laboratories in the State; and (vii) inform and educate the citizens of the State of the restrictions on the sale of pseudoephedrine products set forth in this Article.
- (c) Membership. The Task Force shall consist of 20 members to be appointed as follows:
 - (1) One representative from the Office of the Governor, as appointed by the Governor.
 - (2) One representative from the Office of the Attorney General, as appointed by the Attorney General.
 - (3) Two persons appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
 - (4) Two persons appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
 - One representative from the North Carolina Association of County Directors of Social Services, as appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
 - (6) One representative from the North Carolina Retail Merchants

 Association, as appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
 - (7) One representative from the North Carolina Association of Community Pharmacists, as appointed by the Governor.
 - (8) One representative from the Conference of District Attorneys of North Carolina, as appointed by the Governor.
 - (9) One representative from the Consumer Healthcare Products Association, as appointed by the Governor.
- (10) One representative from the North Carolina Sheriffs' Association, Inc., as appointed by the Governor.

- (11)One representative from the Department of Health and Human 1 2 Services, as appointed by the Governor. 3 One representative from the State Bureau of Investigation, as <u>(12)</u> appointed by the Governor. 4 5 One representative from the North Carolina Narcotic Enforcement (13)6 Officers' Association, as appointed by the Governor. 7 One representative from the North Carolina Association of Chiefs of <u>(14)</u> 8 Police, as appointed by the Governor. 9 (15)One representative from the Department of Agriculture and Consumer 10 Services, as appointed by the Governor. One representative from the Commission on Mental Health, 11 (16)12 Developmental Disabilities, and Substance Abuse Services, as 13 appointed by the Governor. 14 (17)One representative from the National Drug Intelligence Center, as 15 appointed by the Governor. One representative from the United States Drug Enforcement Agency, 16 (18)17 as appointed by the Governor. 18 Terms. – Members shall serve for two-year terms, with no prohibition against (d) being reappointed, except initial appointments shall be for terms as follows: 19 20 The Governor shall initially appoint seven members for terms of two (1) 21 years and six members for terms of three years. The President Pro Tempore of the Senate shall initially appoint two 22 (2) members for a term of two years and one member for a term of three 23 24 vears. 25 <u>(3)</u> The Speaker of the House of Representatives shall initially appoint two members for a term of two years and one member for a term of 26 27 three years. 28 (4) The Attorney General shall appoint one member for a term of three 29 30 Initial terms shall commence on September 1, 2005. Chair. – The chair shall be appointed biennially by the Governor from among 31 32 the membership of the Task Force. The initial term shall commence on September 1, 33 2005. 34 Vacancies. – A vacancy on the Task Force or as chair of the Task Force (f) 35 resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made, and the term shall be for the 36 balance of the unexpired term. 37 38 Compensation. – The Task Force members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel 39 expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as 40 applicable. When approved by the Task Force, members may be reimbursed for
 - Removal. Members may be removed in accordance with G.S. 143B-13. (h)

subsistence and travel expenses in excess of the statutory amount.

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- (i) Meetings. The chair shall convene the Task Force. Meetings shall be held as often as necessary, but not less than four times a year.
- (j) Quorum. A majority of the members of the Task Force shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Task Force shall be necessary for action to be taken by the Task Force.
- (k) Office Space and Staffing. The Department of Justice shall provide office space and staffing to the Task Force.
- (l) Reports. The Task Force shall annually report on its activities and recommendations, including any legislative proposals to the Joint Governmental Operations Subcommittee on Justice and Public Safety."

SECTION 2. G.S. 106-145.2 reads as rewritten:

"§ 106-145.2. Definitions.

The following definitions apply in this Article:

(9) Prescription drug. – A human drug required by federal law or regulation to be dispensed only by a prescription, including finished dosage forms and active ingredients subject to 21 U.S.C. § 353(b). Only for the purposes of the provisions of this Article, the term "prescription drug" shall include pseudoephedrine products as defined in G.S. 90-113.51.

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SECTION 3. Chapter 106 of the General Statutes is amended by adding a new section to read:

"§ 106-145.13. Submittal of reports by wholesale distributors of transactions involving pseudoephedrine products.

Every 30 calendar days, a wholesale distributor of pseudoephedrine products licensed as provided in this Article shall submit a report to the State Bureau of Investigation that accounts for all transactions involving pseudoephedrine products with persons or firms located within this State for the preceding month. The report shall include all sales, distribution, or transactions dealing with products containing pseudoephedrine and controls used to prevent diversion of the products to unauthorized persons. A wholesale distributor shall maintain each monthly report for a period of two years from the date of submittal to the State Bureau of Investigation. The records shall be readily available for inspection by an authorized official of a federal, State, or local law enforcement agency or the Department of Agriculture and Consumer Services."

SECTION 4. G.S. 15A-1340.16(d) is amended by adding a new subdivision to read:

- "(16b) The offense is the manufacture of methamphetamine and was committed in a dwelling that is one of four or more contiguous dwellings."
- SECTION 5. G.S. 14-72(b) is amended by adding a new subdivision to read:

 "(6) Any product containing pseudoephedrine as the sole active ingredient or in combination with other active ingredients, except that larceny of

any amount of a product containing pseudoephedrine from a retail
establishment by an employee of the establishment shall be punishable
under G.S. 14-74."

SECTION 6. Article 32 of Chapter 66 of the General Statutes is amended by adding a new section to read:

"§ 66-254.1. Certain sales prohibited.

 No person who is described by G.S. 66-250(1), (2), (5), or (6) shall sell or offer to sell any product that meets any of the following criteria:

- (1) The product contains pseudoephedrine as the sole active ingredient or in combination with other active ingredients.
- (2) The product is a drug as defined by G.S. 106-121(6).

Any person who violates this section shall be guilty of a Class 1 misdemeanor for the first offense, a Class A1 misdemeanor for a second offense, and a Class I felony for a third or subsequent offense."

SECTION 7. Chapter 15A of the General Statutes is amended by adding a new section to read:

"§ 15A-736.1. Bail in cases of manufacture of methamphetamine.

Notwithstanding the provisions of G.S. 15A-736, in determining bond and other conditions of release for a person arrested for any violation of G.S. 90-95(b)(1a) or G.S. 90-95(d1)(2)b., the magistrate, judge, or court shall consider any evidence that the person is in any manner dependent upon methamphetamine or has a pattern of regular, illegal use of methamphetamine. A rebuttable presumption that no conditions of release on bond would assure the safety of the community or any person therein shall arise if the State shows by clear and convincing evidence:

- (1) The person was arrested for a violation of G.S. 90-95(b)(1a) or G.S. 90-95(d1)(2)b., relating to the manufacture of methamphetamine or possession of an immediate precursor chemical with knowledge or reasonable cause to know that the chemical will be used to manufacture methamphetamine; and
- (2) The person is in any manner dependent upon methamphetamine or has a pattern of regular illegal use of methamphetamine, and the violation referred to in subdivision (1) of this section was committed or attempted in order to maintain or facilitate the dependence or pattern of illegal use in any manner."

SECTION 8. The North Carolina Methamphetamine Abuse Task Force shall submit the first report required by G.S. 90-113.60, as enacted by Section 1 of this act, on or before December 1, 2005.

SECTION 9. G.S. 90-113.60, as enacted by Section 1 of this act, and Sections 8 and 9 of this act are effective when it becomes law. G.S. 90-113.58, as enacted by Section 1 of this act, becomes effective September 1, 2005. The remainder of Section 1, and Sections 2, 3, 4, 5, 6, and 7 of this act become effective January 1, 2006, and apply to offenses committed on or after that date.