

By: Cain

H.B. No. 309

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Texas Hemp Council; regulation of products derived from hemp, including consumable hemp products and hemp beverages and the hemp-derived cannabinoids contained in those products; requiring occupational licenses and permits; imposing fees; creating criminal offenses; authorizing civil penalties; imposing taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) Section 121.003(a), Agriculture Code, is amended to read as follows:

(a) The department, after consulting with the governor and attorney general, shall develop a state plan to monitor and regulate the production of hemp in this state. The plan must comply with:

- (1) 7 U.S.C. Section 1639p;
- (2) Chapter 122; ~~and~~
- (3) Chapter 443A, Health and Safety Code; and
- (4) Title 7, Alcoholic Beverage Code.

SECTION 2. Section 122.001(3), Agriculture Code, is amended to read as follows:

(3) "Handle" means to possess or store a hemp plant:

(A) on premises owned, operated, or controlled by a license holder for any period of time; or

(B) in a vehicle for any period of time other than

1 during the actual transport of the plant from a premises owned,
2 operated, or controlled by a license holder to:

3 (i) a premises owned, operated, or
4 controlled by another license holder; or

5 (ii) a person licensed under Title 7,
6 Alcoholic Beverage [~~Chapter 443, Health and Safety~~] Code.

7 SECTION 3. Section 122.001(8), Agriculture Code, is amended
8 to read as follows:

9 (8) "Nonconsumable hemp product" means a product that
10 contains hemp, other than a consumable hemp product as defined by
11 Section 1.04, Alcoholic Beverage [~~443.001, Health and Safety~~] Code.
12 The term includes cloth, cordage, fiber, fuel, paint, paper,
13 particleboard, and plastics derived from hemp.

14 SECTION 4. Chapter 122, Subchapter A, Agriculture Code, is
15 amended by adding Section 122.005 to read as follows:

16 Sec. 122.005. PERFORMANCE OF DUTIES BY TEXAS A&M AGRILIFE
17 EXTENSION SERVICE. (a) Notwithstanding any other law, the
18 department shall enter into a memorandum of understanding or other
19 interagency contract with the Texas A&M AgriLife Extension Service
20 under which the extension service agrees to perform all powers and
21 duties conferred on the department under this chapter.

22 (b) The memorandum of understanding or contract must:

23 (1) provide for the delegation of regulatory and
24 administrative functions necessary to implement this chapter;

25 (2) specify reporting oversight mechanism to ensure
26 compliance with applicable state and federal law;

27 (3) include terms necessary to ensure continuity of

1 program administration and protection of proprietary information;

2 (4) identify available sources of funding and
3 establish a mechanism for the transfer of funds from the department
4 to the extension service in amounts necessary to carry out the
5 delegated powers and duties, including appropriated funds, fees
6 collected under this chapter, and any other available revenue.

7 (c) The department shall retain final rulemaking authority
8 under this chapter, but may not adopt rules inconsistent with the
9 memorandum of understanding or contract entered into under this
10 section.

11 (d) This section prevails over any conflicting provision of
12 this chapter or other law.

13 SECTION 5. Section [122.103](#)(a), Agriculture Code, is amended
14 to read as follows:

15 (a) A person may apply for a license under this subchapter
16 by submitting an application to the department on a form and in the
17 manner prescribed by the department. The application must be
18 accompanied by:

19 (1) a legal description of each location where the
20 applicant intends to cultivate or handle hemp and the global
21 positioning system coordinates for the perimeter of each location;

22 (2) written consent from the applicant or the property
23 owner if the applicant is not the property owner allowing the
24 department, the Department of Public Safety, and any other state or
25 local law enforcement agency to enter onto all premises where hemp
26 is cultivated or handled to conduct a physical inspection or to
27 ensure compliance with this chapter and rules adopted under this

chapter;

(3) a statement affirming the person's status as a United States citizen or legal resident of the United States;

(4) the application fee; and

(5) any other information required by department rule.

SECTION 6. Section 122.151(a), Agriculture Code, is amended to read as follows:

(a) Subject to Subsection (b), testing under this subchapter or Section 122.053 must be performed by:

(1) the Texas A&M AgriLife Extension Service;

(2) an institution of higher education; or

(3) an independent testing laboratory:

(A) registered under Section 122.152; and

(B) licensed under Chapter 443A, Health and Safety Code.

SECTION 7. Section 122.301(b), Agriculture Code, is amended to read as follows:

(b) A state agency may not authorize a person to manufacture a product containing hemp for the burning or igniting of the hemp and inhaling the smoke or heating the hemp and inhaling the resulting vapor or aerosol ~~[smoking, as defined by Section 443.001, Health and Safety Code]~~.

SECTION 8. Section 122.356(a), Agriculture Code, is amended to read as follows:

(a) A person may not transport hemp plant material in this state unless the hemp:

(1) is produced in compliance with:

(A) a state or tribal plan approved by the United States Department of Agriculture under 7 U.S.C. Section 1639p; or

(B) a plan established under 7 U.S.C. Section 1639q if the hemp was cultivated in an area where that plan applies; and

(2) is accompanied by:

(A) a shipping certificate or cargo manifest issued under Section 122.055 if the hemp originated in this state; or

(B) documentation containing the name and address of the place where the hemp was cultivated, a statement that the hemp was produced in compliance with Texas law and 7 U.S.C. Chapter 38, Subchapter VII, and the name and address of the destination, if the hemp originated outside this state.

SECTION 9. Section 122.358, Agriculture Code, is amended by adding Subsection (e) to read as follows:

(e) Notwithstanding Subsection (a), if the person transporting the plant material fails to provide the documentation required by Section 122.356, the peace officer may seize the plant material and arrest the person transporting the plant material.

SECTION 10. Section 122.360(b), Agriculture Code, is amended to read as follows:

(b) An offense under this section is a Class A misdemeanor.

SECTION 11. Section 1.04, Alcoholic Beverage Code, is amended by adding Subdivisions (4-a), (32), (33), (34), (35), (36), (37), (38), (39), (40), (41), and (42) to read as follows:

(4-a) "Illicit consumable hemp product" means a

consumable hemp product:

(A) manufactured, processed, distributed, bought, sold, stored, possessed, imported, or transported in violation of this code;

(B) on which a tax imposed by the laws of this state has not been paid; or

(C) possessed, kept, stored, owned, or imported with intent to sell, distribute, process, store, or transport in violation of this code.

(32) "Certificate of analysis" means an official document issued by a hemp testing laboratory:

(A) documenting the testing results of a particular sample that includes:

(i) the concentration and amount of each cannabinoid analyte;

(ii) data on the level of tetrahydrocannabinols; or

(iii) other measures as established by commission rule; and

(B) stating whether the sample passed or failed any sample requirements established under Title 7 or a rule adopted under that title.

(33) "Consumable hemp product" means a food, drug, device, or cosmetic, as those terms are defined by Section 431.002, Health and Safety Code, that contains hemp or one or more hemp-derived cannabinoids. The term does not include a topical product containing hemp, a hemp beverage, or natural hemp flower as

1 that term is defined by Section 301.001.

2 (34) "Converted cannabinoid" means a chemical
3 substance purposely created by converting a phytocannabinoid into a
4 different compound that is intended to mimic a phytocannabinoid or
5 to interact with the endocannabinoid system, except for delta-9
6 tetrahydrocannabinol created by converting tetrahydrocannabinolic
7 acid through decarboxylation.

8 (35) "Hemp" has the meaning assigned by Section
9 121.001, Agriculture Code.

10 (36) "Hemp beverage" means any consumable hemp product
11 in liquid form that contains any amount of tetrahydrocannabinol.

12 (37) "Hemp-derived cannabinoid" means any cannabinoid
13 that naturally occurs in hemp and was present in its natural
14 molecular form in the particular hemp plant from which the
15 cannabinoid was derived. The term includes delta-9
16 tetrahydrocannabinol created by converting tetrahydrocannabinolic
17 acid through decarboxylation. The term does not include a
18 converted cannabinoid or synthetic cannabinoid.

19 (38) "Hemp retailer" means a person licensed under
20 Section 310.302 or 310.303.

21 (39) "Hemp testing laboratory" means a laboratory,
22 including a laboratory at an institution of higher education, as
23 defined by Section 61.003, Education Code, authorized by and
24 licensed under Chapter 443A, Health and Safety Code, to test hemp,
25 including natural hemp flower and hemp biomass as those terms are
26 defined by Section 301.001, hemp beverages, and consumable hemp
27 products.

1 (40) "Phytocannabinoid" means a chemical substance:

2 (A) created naturally by a plant of the species
3 cannabis sativa L. that:

4 (i) is separated from the plant by a
5 mechanical or chemical extraction process; or

6 (ii) binds to or interacts with the
7 cannabinoid receptors of the endocannabinoid system; or

8 (B) is produced by decarboxylation from a
9 naturally occurring cannabinoid acid without the use of a chemical
10 catalyst.

11 (41) "Synthetic cannabinoid" means a man-made
12 chemical substance created by using chemical synthesis, chemical
13 modification, chemical conversion, in-vitro biosynthesis, or
14 bioconversion that is intended to mimic a phytocannabinoid or is
15 intended to or able to interact with the endocannabinoid system.

16 (42) "Total tetrahydrocannabinol" means the value of
17 tetrahydrocannabinol content determined after decarboxylation,
18 including delta-8 tetrahydrocannabinol, delta-9
19 tetrahydrocannabinol, delta-10 tetrahydrocannabinol,
20 tetrahydrocannabinolic acid, and any other chemically similar
21 isomer. If the value of tetrahydrocannabinol content contains any
22 detectable amount of tetrahydrocannabinolic acid, the value is
23 equal to the amount of tetrahydrocannabinolic acid multiplied by
24 0.877 plus the amount of all other tetrahydrocannabinols.

25 SECTION 12. The heading to Section 5.05, Alcoholic Beverage
26 Code, is amended to read as follows:

27 Sec. 5.05. RELATIONSHIP WITH ALCOHOLIC BEVERAGE OR

1 CONSUMABLE HEMP PRODUCT BUSINESS PROHIBITED.

2 SECTION 13. Sections 5.05(a) and (d), Alcoholic Beverage
3 Code, are amended to read as follows:

4 (a) A person may not be appointed to or serve on the
5 commission, or hold an office under the commission, or be employed
6 by the commission, if the person is employed by or has a financial
7 interest in an alcoholic beverage or consumable hemp product
8 business. For purposes of this subsection, a person has a financial
9 interest in an alcoholic beverage or consumable hemp product
10 business if:

11 (1) the person owns or controls, directly or
12 indirectly, an ownership interest of:

13 (A) at least five percent in a single alcoholic
14 beverage or consumable hemp product business, including the right
15 to share in profits, proceeds, or capital gains; or

16 (B) at least five percent cumulative interest,
17 including the right to share in profits, proceeds, or capital
18 gains, in multiple alcoholic beverage or consumable hemp product
19 businesses; or

20 (2) the person's spouse or child has an ownership
21 interest described by Subdivision (1).

22 (d) A person may not be a member of the commission and may
23 not be a commission employee employed in a "bona fide executive,
24 administrative, or professional capacity," as that phrase is used
25 for purposes of establishing an exemption to the overtime
26 provisions of the federal Fair Labor Standards Act of 1938 (29
27 U.S.C. Section 201 et seq.), if:

1 (1) the person is an officer, employee, or paid
2 consultant of a Texas trade association in the field of alcoholic
3 beverages or consumable hemp products; or

4 (2) the person's spouse is an officer, manager, or paid
5 consultant of a Texas trade association in the field of alcoholic
6 beverages or consumable hemp products.

7 SECTION 14. Section 5.17, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 5.17. SUITS AGAINST THE COMMISSION: VENUE. In all
10 suits against the commission, except appeals governed by Section
11 11.67, ~~[ex]~~ 32.18, or 310.031 of this code, venue is in Travis
12 County.

13 SECTION 15. Sections 5.31(a) and (b), Alcoholic Beverage
14 Code, are amended to read as follows:

15 (a) The commission may exercise all powers, duties, and
16 functions conferred by this code, and all powers incidental,
17 necessary, or convenient to the administration of this code. It
18 shall inspect, supervise, and regulate every phase of the business
19 of manufacturing, importing, exporting, transporting, storing,
20 selling, advertising, labeling, and distributing alcoholic
21 beverages and consumable hemp products, and the possession of
22 alcoholic beverages and consumable hemp products for the purpose of
23 sale or otherwise. It may prescribe and publish rules necessary to
24 carry out the provisions of this code.

25 (b) The commission shall:

26 (1) protect the public safety by deterring and
27 detecting violations of this code;

(2) promote legal and responsible alcohol and consumable hemp product consumption;

(3) ensure fair competition within the alcoholic beverage and consumable hemp product industries [~~industry~~];

(4) ensure consistent, predictable, and timely enforcement of this code;

(5) ensure a consistent, predictable, and timely licensing and permitting process;

(6) promote and foster voluntary compliance with this code; and

(7) communicate the requirements of this code clearly and consistently.

SECTION 16. Section 5.32, Alcoholic Beverage Code, is amended to read as follows:

Sec. 5.32. MAY REQUIRE REPORTS. The commission may require persons engaged in the alcoholic beverage or consumable hemp product business to provide information, records, or other documents the commission finds necessary to accomplish the purposes of this code.

SECTION 17. Section 5.35, Alcoholic Beverage Code, is amended to read as follows:

Sec. 5.35. ISSUANCE OF PERMITS AND LICENSES. The commission may grant, refuse, suspend, or cancel alcoholic beverage permits and licenses and consumable hemp product licenses as provided in this code.

SECTION 18. Section 5.36, Alcoholic Beverage Code, is amended to read as follows:

1 Sec. 5.36. INVESTIGATION OF VIOLATIONS. [~~(a)~~] The
2 commission shall investigate violations of this code and of other
3 laws relating to alcoholic beverages and consumable hemp products,
4 and shall cooperate in the prosecution of offenders before any
5 court of competent jurisdiction. The commission may seize
6 alcoholic beverages and consumable hemp products manufactured,
7 sold, kept, imported, or transported in violation of this code and
8 apply for the confiscation of the beverages and products if
9 required to do so by this code.

10 SECTION 19. Sections 5.362(b) and (d), Alcoholic Beverage
11 Code, are amended to read as follows:

12 (b) For each violation for which a license or permit may be
13 suspended, the schedule of sanctions must include the number of
14 days a permit or license would be suspended and the corresponding
15 civil penalty under Section 11.64 or 310.027.

16 (d) The schedule must:

17 (1) allow deviations from the schedule for clearly
18 established mitigating circumstances, including circumstances
19 listed in Sections [~~Section~~] 11.64(c) and 310.027(b), or
20 aggravating circumstances; and

21 (2) include a list of the most common violations by
22 members of the manufacturing, wholesaling, and retailing tiers of
23 the alcoholic beverage and consumable hemp product industries
24 [~~industry~~] and the sanctions assessed for those violations.

25 SECTION 20. The heading to Section 5.38, Alcoholic Beverage
26 Code, is amended to read as follows:

27 Sec. 5.38. QUALITY AND PURITY OF ALCOHOLIC AND HEMP

1 BEVERAGES AND CONSUMABLE HEMP PRODUCTS.

2 SECTION 21. Section 5.38, Alcoholic Beverage Code, is
3 amended by adding Subsection (d) to read as follows:

4 (d) The commission may require a test of the contents of a
5 hemp beverage or consumable hemp product manufactured or sold in
6 this state for the same purposes provided for testing alcoholic
7 beverages under Subsection (c). The commission shall use a hemp
8 testing lab licensed under Chapter 443A, Health and Safety Code, to
9 conduct testing under this subsection.

10 SECTION 22. Section 5.48(a), Alcoholic Beverage Code, is
11 amended to read as follows:

12 (a) "Private records," as used in this section, means all
13 records of a permittee, licensee, or other person other than the
14 name, proposed location, and type of permit or license sought in an
15 application for an original or renewal permit or license, or in a
16 periodic report relating to the importation, distribution, or sale
17 of alcoholic beverages or consumable hemp products required by the
18 commission to be regularly filed by a permittee or licensee.

19 SECTION 23. Section 5.50(b-1), Alcoholic Beverage Code, is
20 amended to read as follows:

21 (b-1) The commission shall develop a process for setting
22 fees that ensures the amount of the fees for an original or renewal
23 certificate, permit, or license is sufficient to cover the costs
24 incurred by the commission in administering this code. The process
25 must:

26 (1) allow the commission to:

27 (A) consider relevant information including the

1 type of business being regulated and the level of regulatory
2 activities associated with each certificate, permit, or license;
3 and

4 (B) set different fees for the same original or
5 renewal certificate, permit, or license if the commission
6 determines the level of regulatory activities associated with a
7 certificate, permit, or license varies; and

8 (2) ensure that the commission does not overly
9 penalize any segment of the alcoholic beverage or consumable hemp
10 product industry or impose an undue hardship on small businesses.

11 SECTION 24. Sections 5.57(a), (b), and (c), Alcoholic
12 Beverage Code, are amended to read as follows:

13 (a) The commission shall develop a formal process for making
14 policy decisions regarding marketing practices regulations and for
15 communicating those decisions to agency staff and the alcoholic
16 beverage and consumable hemp product industries [~~industry~~].

17 (b) The commission shall gather input from a diverse group
18 of representatives of the alcoholic beverage and consumable hemp
19 product industries [~~industry~~] regarding regulatory issues and
20 interpretations of this code and commission rules.

21 (c) The commission shall make a reasonable attempt to meet
22 with [~~alcoholic beverage industry~~] representatives from the
23 alcoholic beverage and consumable hemp product industries,
24 including representatives from:

25 (1) the manufacturing, distribution, and retail tiers
26 of the industries [~~industry~~]; and

27 (2) the liquor, malt beverage, and wine segments of

1 the alcoholic beverage industry.

2 SECTION 25. Section 11.64(a), Alcoholic Beverage Code, is
3 amended to read as follows:

4 (a) When the commission or administrator is authorized to
5 suspend a permit or license under this code, the commission or
6 administrator shall give the permittee or licensee the opportunity
7 to pay a civil penalty rather than have the permit or license
8 suspended, unless the basis for the suspension is a violation of
9 Section 11.61(b)(14), 22.12, 28.11, 32.17(a)(2), 32.17(a)(3),
10 61.71(a)(5), 61.71(a)(6), 61.74(a)(14), 69.13, 71.09, 101.04,
11 101.63, 104.01(a)(4), 106.03, 106.06, or 106.15, the sale or offer
12 for sale of an alcoholic beverage during hours prohibited by
13 Chapter 105, consumption or the permitting of consumption of an
14 alcoholic beverage on the person's licensed or permitted premises
15 during hours prohibited by Chapter 105 or Section 32.17(a)(7), a
16 violation or offense related to a hemp beverage, or an offense
17 relating to prostitution, trafficking of persons, gambling, or
18 controlled substances or drugs, in which case the commission or
19 administrator shall determine whether the permittee or licensee may
20 have the opportunity to pay a civil penalty rather than have the
21 permit or license suspended. The commission shall adopt rules
22 addressing when suspension may be imposed pursuant to this section
23 without the opportunity to pay a civil penalty. In adopting rules
24 under this subsection, the commission shall consider the type of
25 license or permit held, the type of violation, any aggravating or
26 ameliorating circumstances concerning the violation, and any past
27 violations of this code by the permittee or licensee. In cases in

1 which a civil penalty is assessed, the commission or administrator
2 shall determine the amount of the penalty. The amount of the civil
3 penalty may not be less than \$150 or more than \$25,000 for each day
4 the permit or license was to have been suspended. If the licensee
5 or permittee does not pay the penalty before the sixth day after the
6 commission or administrator notifies the licensee or permittee
7 ~~[him]~~ of the amount, the commission or administrator shall impose
8 the suspension.

9 SECTION 26. Sections 28.01(a) and (c), Alcoholic Beverage
10 Code, are amended to read as follows:

11 (a) The holder of a mixed beverage permit may sell, offer
12 for sale, and possess mixed beverages, including distilled spirits
13 and hemp beverages, for consumption on the licensed premises:

14 (1) from sealed containers containing not less than
15 one fluid ounce nor more than two fluid ounces or of any legal size;
16 and

17 (2) from unsealed containers.

18 (c) The holder of a mixed beverage permit may also:

19 (1) purchase wine and malt beverages containing
20 alcohol of not more than 24 percent by volume in containers of any
21 legal size from any permittee or licensee authorized to sell those
22 beverages for resale;

23 (2) purchase hemp beverages containing not more than
24 0.5 milligrams of tetrahydrocannabinol per ounce in containers of
25 any legal size from any permittee or licensee authorized to sell
26 those beverages for resale;

27 (3) sell the wine and malt beverages for consumption

on the licensed premises; and

(4) sell the hemp beverages for consumption on the licensed premises.

SECTION 27. Section 41.01, Alcoholic Beverage Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The holder of a carrier permit who holds a hemp beverage permit may continuously transport hemp beverages into and out of this state and between points within the state to a person authorized to sell or possess hemp beverages. The holder may continuously transport hemp beverages from one wet area to another wet area across a dry area if that course of transportation is necessary or convenient.

SECTION 28. Subtitle A, Title 3, Alcoholic Beverage Code, is amended by adding Chapter 59 to read as follows:

CHAPTER 59. HEMP BEVERAGE PERMIT

Sec. 59.01. CERTAIN PROVISIONS RELATED TO ALCOHOLIC BEVERAGES AND MALT BEVERAGES. Unless otherwise provided by this code or the context indicates otherwise, for the purposes of this code:

(1) the term "alcoholic beverage" includes a hemp beverage;

(2) the term "malt beverage" includes a hemp beverage;
and

(3) the terms "brewing" and "brew" when referring to malt beverages include the production of hemp beverages by authorized brewers.

Sec. 59.02. ELIGIBLE PERMIT AND LICENSE HOLDERS. A hemp

beverage permit may be issued to the holder of a package store permit, mixed beverage permit, private club registration permit, carrier's permit, consumer delivery permit, brewer's license, nonresident brewer's license, general distributor's license, branch distributor's license, brewpub license, and hemp retailer license.

Sec. 59.03. AUTHORIZED ACTIVITIES. (a) Notwithstanding any other provision of this code, a person must hold a hemp beverage permit to manufacture, produce, sell, import, export, distribute, or possess for the purpose of selling, transporting, storing, or delivering for commercial purposes hemp beverages.

(b) Except as otherwise provided in this code, the holder of a hemp beverage permit may engage in the activities listed in Subsection (a) to the extent authorized by the holder's primary or other secondary permit or license.

(c) Notwithstanding any other law, a person holding a hemp beverage permit may not:

(1) allow a person under the age of 21 to enter or remain on the permitted or licensed premises;

(2) sell, offer for sale, or deliver any consumable hemp product or hemp beverage:

(A) on New Year's Day, Thanksgiving Day, or Christmas Day;

(B) on Sunday; or

(C) before 10 a.m. or after 9 p.m. on any other day;

(3) allow the on-premise consumption of any alcoholic

beverage, other than a hemp beverage;

(4) sell a consumable hemp product to a purchaser unless the purchaser presents an apparently valid, unexpired proof of identification; or

(5) provide a consumable hemp product to any person without receiving monetary consideration in a completed retail transaction.

Sec. 59.04. FEES. (a) A separate license fee is required for each place of business that manufactures, produces, sells, imports, exports, distributes, or possesses for the purpose of selling transporting, storing, or delivering for commercial purposes hemp beverages.

(b) The fee for the issuance of an original or renewal hemp beverage permit issued under this chapter is:

(1) \$5,000 for the holder of a package store permit;

(2) \$10,000 for the holder of a mixed beverage permit or private club registration permit;

(3) \$2,500 for the holder of a carrier's permit;

(4) \$7,500 for the holder of a brewer's license or nonresident brewer's license;

(5) \$7,000 for the holder of a general distributor's license or branch distributor's license;

(6) \$2,500 for the holder of a brewpub license; and

(7) \$10,000 for the holder of a hemp retailer's license.

Sec. 59.05. PACKAGING AND ADVERTISING OR PROMOTION OF HEMP BEVERAGE. (a) A hemp beverage package or container:

1 (1) must not:

2 (A) be designed to be attractive to children,
3 including by mimicking other non-hemp derived products marketed to
4 children;

5 (B) bear any resemblance to soda, candy, snacks,
6 medicine, or other food products that are widely distributed and
7 readily available to the public; or

8 (C) be stocked near products described in
9 Paragraph (B); and

10 (2) must be tamper evident and child resistant.

11 (b) A hemp beverage may not be advertised or promoted in any
12 manner that is designed to be attractive to children or that could
13 cause a reasonable individual or child to confuse the hemp beverage
14 for soda, medicine, or other beverage products that are widely
15 distributed and readily available to the public.

16 (c) The commission by rule shall impose restrictions on the
17 holder of a hemp beverage permit with respect to advertising or
18 otherwise promoting hemp beverages to minors to the full extent
19 permitted by the United States Constitution and Texas Constitution.

20 Sec. 59.06. REQUIRED POSTING OF SIGNS BY CERTAIN PERMIT
21 HOLDERS. (a) A holder of a hemp beverage permit authorized to sell
22 hemp beverages at retail shall prominently display on the permitted
23 or licensed premises, including in any restroom and the check-out
24 or cash register portion of the premises, a sign containing the
25 following information in English and in Spanish:

26 (1) consumption of a hemp beverage will result in a
27 positive drug test;

1 (2) a person should not drive or operate machinery if
2 under the influence of a hemp beverage;

3 (3) consuming alcohol and hemp beverages together may
4 result in unanticipated severe levels of intoxication; and

5 (4) consult your physician before consuming hemp
6 beverages during pregnancy as doing so is not recommended for
7 mothers.

8 (b) The sign must be at least 8-1/2 inches high and 11 inches
9 wide and displayed in a conspicuous manner clearly visible to the
10 public and employees of the permit holder. The English notice must
11 cover approximately two-thirds of the sign, and the Spanish notice
12 must cover approximately one-third of the sign.

13 (c) The commission shall develop the sign described by this
14 section and post a copy of the sign on the commission's Internet
15 website.

16 Sec. 59.07. PROHIBITED MIXING OF HEMP BEVERAGES. A holder
17 of a hemp beverage permit authorized to sell hemp beverages at
18 retail may not mix, or knowingly or recklessly allow anyone on the
19 permitted or licensed premises to mix, a hemp beverage with any
20 other liquid or substance containing alcohol, caffeine, tobacco,
21 nicotine, kratom, kava, psychoactive mushrooms, or any other
22 psychoactive substance, or a derivative of any of those items.

23 Sec. 59.08. ELECTRONIC VERIFICATION OF CONSUMER'S
24 IDENTIFICATION. (a) A holder of a hemp beverage permit authorized
25 to sell or serve hemp beverages to an ultimate consumer shall,
26 before initiating the sale, verify that the purchaser is 21 years of
27 age or older.

1 (b) A person shall verify a purchaser's or recipient's age
2 under Subsection (a) by:

3 (1) personally inspecting the provided proof of
4 identification;

5 (2) scanning the provided proof of identification with
6 a device capable of deciphering electronically readable
7 information on a driver's license, commercial driver's license, or
8 identification certificate;

9 (3) using identification authentication software
10 approved by the Department of Public Safety; and

11 (4) using any other identification security features
12 the commission determines appropriate.

13 (c) A proof of identification provided by a purchaser or
14 recipient under this section must contain a physical description
15 and photograph consistent with the person's appearance, purport to
16 establish that the person is 21 years of age or older, and have been
17 issued by a governmental agency. The proof of identification may
18 include a driver's license or identification certificate issued by
19 the Department of Public Safety, a passport, or a military
20 identification card.

21 (d) A holder of a hemp beverage permit, or the permit
22 holder's agent, servant, or employee may not sell a hemp beverage to
23 a purchaser unless the person presents an apparently valid,
24 unexpired proof of identification.

25 Sec. 59.09. RETAIL SALE OF HEMP BEVERAGE TRAINING PROGRAM.

26 (a) The commission by rule shall develop a training program on:

27 (1) the requirements and responsibilities provided by

law for persons authorized to sell or serve hemp beverages at retail; and

(2) the risks associated with the consumption of hemp beverages.

(b) The holder of a hemp beverage permit authorized to sell hemp beverages at retail, and the holder's agents, servants, and employees, shall annually complete the training program developed by the commission under Subsection (a).

(c) If the holder of a hemp beverage permit authorized to sell hemp beverages at retail is not an individual, the training program under Subsection (a) must be annually completed by an officer, director, or other individual with senior management responsibilities for the holder.

(d) The training program developed under this section is not a seller training program for purposes of Section [106.14](#).

Sec. 59.10. HEMP BEVERAGES. A hemp beverage may not:

(a) contain any amount of converted cannabinoids or synthetic cannabinoids as those terms are defined by Section 1.004;

(b) contain or be mixed with alcohol, caffeine, tobacco, nicotine, kratom, kava, psychoactive mushrooms, or a derivative of any of those items;

(c) contain a total tetrahydrocannabinol content of greater than 0.5 milligrams per fluid ounce;

(d) contain less than 15 milligrams of hemp-derived cannabinoid, other than tetrahydrocannabinol, for every 1 milligram of tetrahydrocannabinol; or

(e) except as provided by Section 59.11, contain more than

1 12 fluid ounces; or

2 (f) be sold to ultimate consumers in a package containing
3 more than six individual hemp beverage containers.

4 Sec. 59.11. MULTI-SERVING HEMP BEVERAGES. (a) A hemp
5 beverage permit holder that also holds a brewer's license,
6 nonresident brewer's license, or brewpub license may produce a hemp
7 beverage that contains more than 12 fluid ounces if the hemp
8 beverage is contained in a resealable container containing less
9 than 15.5 gallons.

10 (b) The permit holder may:

11 (1) sell hemp beverages containing more than 12 fluid
12 ounces to a hemp beverage permit holder that also holds a brewer's
13 license, nonresident brewer's license, general distributor's
14 license, or branch distributor's license, or to qualified persons
15 outside this state in compliance with that state's law; and

16 (2) if the permit holder is also licensed under
17 Chapter 62A, self-distribute hemp beverages that contain more than
18 12 fluid ounces to licensed hemp retailers.

19 (c) A hemp beverage permit holder that also holds a general
20 distributor's license or branch distributor's license may receive
21 hemp beverages that contain more than 12 fluid ounces from
22 authorized brewers as provided in Subsection (b) and general and
23 branch distributors that also hold a hemp beverage permit. The
24 distributor may only sell hemp beverages that contain more than 12
25 fluid ounces to a hemp beverage permit holder that is also a mixed
26 beverage permit holder, private club registration permit holder,
27 hemp retailer, general distributor's license holder, branch

distributor's license holder, local distributor's permit holder, or a package store permit holder.

(d) A hemp beverage permit holder that also holds a package store permit may not sell hemp beverages that contain more than 12 fluid ounces to ultimate consumers.

(e) A hemp beverage permit holder that also holds a local distributor's permit may sell a hemp beverage that contain more than 12 fluid ounces for resale, but only to a hemp beverage permit holder that is also a mixed beverage permit holder, private club registration permit holder, or hemp retailer.

(f) A hemp beverage permit holder that also holds a mixed beverage permit, private club registration permit, or on-premise hemp retailer's license may use hemp beverages that contain more than 12 fluid ounces to serve, mix, or pour a hemp beverage for sale to an ultimate consumer.

(g) In addition to any other applicable requirements in this code, a hemp beverage that contains more than 12 fluid ounces must clearly and conspicuously display a warning that the container is not for individual sale.

SECTION 29. Section 61.02(a), Alcoholic Beverage Code, is amended to read as follows:

(a) A license issued under this subtitle ~~[code]~~ is a purely personal privilege and is subject to revocation as provided in this code. It is not property, is not subject to execution, does not pass by descent or distribution, and ceases on the death of the holder.

SECTION 30. Section 61.13(e), Alcoholic Beverage Code, is

1 amended to read as follows:

2 (e) A holder of a license issued under this subtitle ~~[code]~~
3 who has held a permit for three years or more before the date the
4 holder applied for renewal of the license is not required to furnish
5 a surety bond if the holder:

6 (1) has not had a license or permit issued under this
7 code revoked in the five years before the date the holder applied
8 for renewal of the license;

9 (2) is not the subject of a pending permit or license
10 revocation proceeding; and

11 (3) has continuously operated on the licensed premises
12 for three years or more before the date the holder applied for
13 renewal of the license.

14 SECTION 31. Section 61.31(b), Alcoholic Beverage Code, is
15 amended to read as follows:

16 (b) On receipt of an application for a license under this
17 subtitle ~~[code]~~, the commission shall follow the procedure under
18 Section 11.43.

19 SECTION 32. Section 61.314(b), Alcoholic Beverage Code, is
20 amended to read as follows:

21 (b) The commission may give due consideration to the
22 recommendations of a person listed under Subsection (a) when
23 evaluating an application for a license under this subtitle ~~[code]~~.

24 SECTION 33. Section 61.381(a), Alcoholic Beverage Code, is
25 amended to read as follows:

26 (a) An applicant for a license issued under this subtitle
27 ~~[code]~~ for a location not previously licensed for the on-premises

1 consumption of alcoholic beverages must, not later than the 60th
2 day before the date the license is issued, prominently post an
3 outdoor sign at the location stating that alcoholic beverages are
4 intended to be served on the premises, the type of license, and the
5 name and business address of the applicant.

6 SECTION 34. Section 61.421(b), Alcoholic Beverage Code, is
7 amended to read as follows:

8 (b) The commission shall deny an application for an original
9 or renewal license authorizing on-premises consumption of
10 alcoholic beverages if the commission has reasonable grounds to
11 believe and finds that, during the three years preceding the date
12 the license application was filed, a license or permit previously
13 held under this subtitle [~~code~~] by the applicant, a person who owns
14 the premises for which the license is sought, or an officer of a
15 person who owns the premises for which the license is sought was
16 canceled or not renewed as a result of a shooting, stabbing, or
17 other violent act.

18 SECTION 35. Section 62.09, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 62.09. MALT BEVERAGES FOR EXPORT. (a) Regardless of
21 any other provision of this code, a holder of a brewer's license may
22 brew and package malt beverages or import them from outside the
23 state, for shipment out of the state, even though the alcohol
24 content, containers, packages, or labels make the beverages illegal
25 to sell within the state. The licensee may export the beverages out
26 of state or deliver them at the licensee's premises for shipment out
27 of the state without being liable for any state tax on malt

1 beverages sold for resale in the state.

2 (b) This section does not apply to the import or export of
3 hemp beverages.

4 SECTION 36. Section 64.01, Alcoholic Beverage Code, is
5 amended by adding Subsection (c) to read as follows:

6 (c) Notwithstanding Subsection (a), the holder of a general
7 distributor's license who also holds a hemp beverage permit may
8 only distribute or sell hemp beverages to:

9 (1) the holder of a hemp beverage permit that is also a
10 general distributor's license holder, branch distributor's license
11 holder, local distributor's permit holder, package store permit
12 holder, mixed beverage permit holder, private club registration
13 permit holder, or a hemp retailer; and

14 (2) qualified persons outside the state in compliance
15 with that state's law.

16 SECTION 37. Section 64.08(a), Alcoholic Beverage Code, is
17 amended to read as follows:

18 (a) The holder of a general distributor's license may sell
19 malt beverages, not including hemp beverages, for use as an
20 ingredient in the manufacturing and processing of food products.

21 SECTION 38. Section 64.09(a), Alcoholic Beverage Code, is
22 amended to read as follows:

23 (a) In this section "malt beverages for export" means malt
24 beverages a distributor holds for export to another state in which
25 the distributor has been assigned a territory for the distribution
26 and sale of the malt beverages. The term includes malt beverages
27 that are illegal to sell in this state because of alcohol content,

containers, packages, or labels. The term does not include hemp beverages that are illegal to sell in this state because of content, containers, packages, or labels.

SECTION 39. Section 66.11(a), Alcoholic Beverage Code, is amended to read as follows:

(a) In this section "malt beverages for export" means malt beverages a distributor holds for export to another state in which the distributor has been assigned a territory for the distribution and sale of the malt beverages. The term includes malt beverages that are illegal to sell in this state because of alcohol content, containers, packages, or labels. The term does not include hemp beverages that are illegal to sell in this state because of content, containers, packages, or labels.

SECTION 40. Chapter 74, Alcoholic Beverage Code, is amended by adding Section 74.10 to read as follows:

Sec. 74.10. SALES OF HEMP BEVERAGES TO RETAILERS AND DISTRIBUTORS. (a) Notwithstanding any other provision of this chapter, a holder of a brewpub license who also holds a hemp beverage permit may manufacture hemp beverages.

(b) A holder of a brewpub license who also holds a hemp beverage permit and a mixed beverage permit may sell hemp beverages to ultimate consumers as provided under this section.

(c) A holder of a brewpub license who holds a hemp beverage permit but does not hold a mixed beverage permit may sell hemp beverages produced under the license to hemp retailers and general or branch distributors that also hold a hemp beverage permit in the same manner as the license holder may sell malt beverages under

1 Sections 74.08 and 74.09.

2 SECTION 41. Section 101.02, Alcoholic Beverage Code, is
3 amended to read as follows:

4 Sec. 101.02. ARREST WITHOUT WARRANT. A peace officer may
5 arrest without a warrant any person the officer [~~he~~] observes
6 violating any provision of this code or any rule or regulation of
7 the commission. The officer shall take possession of all illicit
8 beverages and illicit consumable hemp products the person has in
9 the person's [~~his~~] possession or on the person's [~~his~~] premises as
10 provided in Chapter 103 of this code.

11 SECTION 42. Section 101.03(a), Alcoholic Beverage Code, is
12 amended to read as follows:

13 (a) A search warrant may issue under Chapter 18, Code of
14 Criminal Procedure, 1965, as amended, to search for, seize, and
15 destroy or otherwise dispose of in accordance with this code:

16 (1) an illicit beverage or illicit consumable hemp
17 product;

18 (2) any equipment or instrumentality used, or capable
19 or designed to be used, to manufacture an illicit beverage or
20 illicit consumable hemp product;

21 (3) a vehicle or instrumentality used or to be used for
22 the illegal transportation of an illicit beverage or illicit
23 consumable hemp product;

24 (4) unlawful equipment or materials used or to be used
25 in the illegal manufacturing of an illicit beverage or illicit
26 consumable hemp product;

27 (5) a forged or counterfeit stamp, die, plate,

official signature, certificate, evidence of tax payment, license, permit, or other instrument pertaining to this code; or

(6) any instrumentality or equipment, or parts of either of them, used or to be used, or designed or capable of use, to manufacture, print, etch, indite, or otherwise make a forged or counterfeit instrument covered by Subdivision (5) of this subsection.

SECTION 43. The heading to Section 101.31, Alcoholic Beverage Code, is amended to read as follows:

Sec. 101.31. ALCOHOLIC BEVERAGES, CONSUMABLE HEMP PRODUCTS, AND HEMP BEVERAGES IN DRY AREAS.

SECTION 44. Section 101.31, Alcoholic Beverage Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Except as otherwise provided in this code, no person in a dry area that prohibits consumable hemp products may sell or possess with intent to sell a consumable hemp product.

(a-2) Except as otherwise provided in this code, no person in a dry area that prohibits hemp beverages may sell or possess with intent to sell a hemp beverage.

SECTION 45. Section 101.41, Alcoholic Beverage Code, is amended by amending Subsection (c) and adding Subsection (e) to read as follows:

(c) The label of a container of malt beverages, not including a hemp beverage, must state:

(1) the net contents in terms of United States liquor measure; and

(2) the alcohol content by volume.

1 (e) The label of a container of hemp beverages must state:

2 (1) the net contents in terms of ounces of liquid;

3 (2) the percentage and total amount in milligrams of
4 each cannabinoid contained in the beverage;

5 (3) the total tetrahydrocannabinol concentration as a
6 percentage of the total volume of the beverage

7 (4) a warning that consumption of the beverage impairs
8 a person's ability to drive a car or operate machinery, may cause
9 health problems, and may result in a positive drug test;

10 (5) a warning that the consumer should consult a
11 physician before consuming a hemp beverage during pregnancy as
12 doing so is not recommended for mothers;

13 (6) a warning that consuming alcohol and hemp
14 beverages together may result in unanticipated severe levels of
15 intoxication; and

16 (7) a warning that consuming hemp beverages may result
17 in an increased risk of psychosis.

18 SECTION 46. Section 101.66, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT
21 PROHIBITED. (a) A person may not manufacture, sell, barter, or
22 exchange a beverage that contains more than one-half of one percent
23 alcohol by volume and not more than five percent alcohol by volume,
24 except malt beverages, wine coolers, and spirit coolers.

25 (b) A person may not manufacture, sell, barter, or exchange
26 a hemp beverage that contains any alcohol by volume.

27 SECTION 47. Section 101.67, Alcoholic Beverage Code, is

1 amended by amending Subsections (a), (d), (e), and (f) and adding
2 Subsections (a-1) and (a-2) to read as follows:

3 (a) Before an authorized licensee may ship or cause to be
4 shipped into the state, import into the state, manufacture and
5 offer for sale in the state, or distribute, sell, or store in the
6 state any malt beverages, the licensee must register the malt
7 beverages with the commission. Except as provided by Subsection
8 (a-1), the [The] registration application must include a
9 certificate of label approval issued by the United States Alcohol
10 and Tobacco Tax and Trade Bureau for the product.

11 (a-1) The registration application for a hemp beverage must
12 include a certificate of product approval issued by the Department
13 of State Health Services under Section 443A.009 for the product.

14 (a-2) Each different sized container of the same type of
15 hemp beverage produced by a holder of a brewer's or nonresident
16 brewer's license requires an individual registration with the
17 commission.

18 (d) On registration of a certificate of label approval
19 issued by the United States Alcohol and Tobacco Tax and Trade Bureau
20 or a certificate of product approval issued by the Department of
21 State Health Services, as applicable, the commission shall approve
22 the product under this section and issue a letter to that effect to
23 the licensee unless the commission determines the product, despite
24 having a valid federal certificate of label approval or a
25 certificate of product approval issued by the Department of State
26 Health Services, would create a public safety concern, create a
27 cross-tier violation, or otherwise violate this code.

1 (e) Not later than the 30th day after the date the
2 commission receives an application for registration of a product
3 under this section, the commission shall either approve or deny the
4 registration application. If the commission denies the application
5 for a product with a valid federal certificate of label approval or
6 a certificate of product approval issued by the Department of State
7 Health Services or fails to act on the application within the time
8 required by this subsection, the licensee submitting the
9 application is entitled to an administrative hearing before the
10 State Office of Administrative Hearings.

11 (f) The commission by rule shall establish procedures for:

12 (1) accepting federal certificates of label approval
13 or certificates of product approval issued by the Department of
14 State Health Services for registration under this section;

15 (2) registering alcoholic beverage products, other
16 than hemp beverages, that are not eligible to receive a certificate
17 of label approval issued by the United States Alcohol and Tobacco
18 Tax and Trade Bureau; and

19 (3) registering alcoholic beverage products, other
20 than hemp beverages, during periods when the United States Alcohol
21 and Tobacco Tax and Trade Bureau has ceased processing applications
22 for a certificate of label approval.

23 SECTION 48. Section 101.6701, Alcoholic Beverage Code, is
24 amended by adding Subsection (e) to read as follows:

25 (e) This section does not apply to hemp beverages.

26 SECTION 49. Subchapter D, Chapter 101, Alcoholic Beverage
27 Code, is amended by adding Section 101.6702 to read as follows:

1 Sec. 101.6702. HEMP BEVERAGE AUTHORIZATION. (a) The
2 commission shall by rule develop a process by which a hemp beverage
3 is approved by the commission before the beverage is made available
4 for sale or otherwise introduced into commerce in this state.

5 (b) In approving a hemp beverage under Subsection (a), the
6 commission shall ensure that the hemp beverage is labeled in
7 accordance with the requirements of Sections 101.41(e), 322.001,
8 and 322.002.

9 (c) The commission shall ensure that each hemp beverage
10 container complies with the requirements of this code.

11 SECTION 50. Sections 101.70(a) and (c), Alcoholic Beverage
12 Code, are amended to read as follows:

13 (a) A room, building, boat, structure, or other place where
14 alcoholic beverages or consumable hemp products are sold, bartered,
15 manufactured, stored, possessed, or consumed in violation of this
16 code or under circumstances contrary to the purposes of this code,
17 the beverages and products themselves, and all property kept or
18 used in the place, are a common nuisance. A person who maintains or
19 assists in maintaining the nuisance commits an offense.

20 (c) The plaintiff is not required to give a bond. The final
21 judgment is a judgment in rem against the property and a judgment
22 against the defendant. If the court finds against the defendant, on
23 final judgment it shall order that the place where the nuisance
24 exists be closed for one year or less and until the owner, lessee,
25 tenant, or occupant gives bond with sufficient surety as approved
26 by the court in the penal sum of at least \$1,000. The bond must be
27 payable to the state and conditioned:

(1) that this code will not be violated;

(2) that no person will be permitted to resort to the place to drink alcoholic beverages or consume consumable hemp products in violation of this code; and

(3) that the defendant will pay all fines, costs, and damages assessed against the defendant ~~[him]~~ for any violation of this code.

SECTION 51. Section 101.71, Alcoholic Beverage Code, is amended to read as follows:

Sec. 101.71. INSPECTION OF VEHICLE. No holder of a permit issued under Title 3, Subtitle A, or a license under Title 7, of this code, may refuse to allow the commission or its authorized representative or a peace officer, on request, to make a full inspection, investigation, or search of any vehicle.

SECTION 52. Chapter 103, Alcoholic Beverage Code, is amended by adding Section 103.001 to read as follows:

Sec. 103.001. ILLICIT CONSUMABLE HEMP PRODUCTS. In this chapter, references to an "illicit beverage" include an illicit consumable hemp product.

SECTION 53. The heading to Section 106.02, Alcoholic Beverage Code, is amended to read as follows:

Sec. 106.02. PURCHASE OF ALCOHOL OR CONSUMABLE HEMP PRODUCTS BY A MINOR.

SECTION 54. Section 106.02(a), Alcoholic Beverage Code, is amended to read as follows:

(a) A minor commits an offense if the minor purchases an alcoholic beverage or a consumable hemp product. A minor does not

1 commit an offense if the minor purchases an alcoholic beverage or a
2 consumable hemp product under the immediate supervision of a
3 commissioned peace officer engaged in enforcing the provisions of
4 this code.

5 SECTION 55. The heading to Section 106.025, Alcoholic
6 Beverage Code, is amended to read as follows:

7 Sec. 106.025. ATTEMPT TO PURCHASE ALCOHOL OR CONSUMABLE
8 HEMP PRODUCT BY A MINOR.

9 SECTION 56. Sections 106.03(a), (b), and (d), Alcoholic
10 Beverage Code, are amended to read as follows:

11 (a) A person commits an offense if with criminal negligence
12 the person ~~[he]~~ sells an alcoholic beverage or a consumable hemp
13 product to a minor.

14 (b) A person who sells a minor an alcoholic beverage or a
15 consumable hemp product does not commit an offense if the minor
16 falsely represents the minor ~~[himself]~~ to be 21 years old or older
17 by displaying an apparently valid proof of identification that
18 contains a physical description and photograph consistent with the
19 minor's appearance, purports to establish that the minor is 21
20 years of age or older, and was issued by a governmental agency. The
21 proof of identification may include a driver's license or
22 identification card issued by the Department of Public Safety, a
23 passport, or a military identification card.

24 (d) Subsection (b) does not apply to a person who accesses
25 electronically readable information under Section 59.08, 109.61,
26 or 310.307 that identifies a driver's license or identification
27 certificate as invalid.

SECTION 57. The heading to Section 106.04, Alcoholic Beverage Code, is amended to read as follows:

Sec. 106.04. CONSUMPTION OF ALCOHOL OR CONSUMABLE HEMP PRODUCT BY A MINOR.

SECTION 58. Sections 106.04(a), (b), and (e), Alcoholic Beverage Code, are amended to read as follows:

(a) A minor commits an offense if the minor ~~he~~ consumes an alcoholic beverage or a consumable hemp product.

(b) It is an affirmative defense to prosecution under this section that the alcoholic beverage or consumable hemp product was consumed in the visible presence of the minor's adult parent, guardian, or spouse.

(e) Subsection (a) does not apply to a minor who:

(1) requested emergency medical assistance in response to the possible alcohol or consumable hemp product overdose of the minor or another person;

(2) was the first person to make a request for medical assistance under Subdivision (1); and

(3) if the minor requested emergency medical assistance for the possible alcohol or consumable hemp product overdose of another person:

(A) remained on the scene until the medical assistance arrived; and

(B) cooperated with medical assistance and law enforcement personnel.

SECTION 59. The heading to Section 106.05, Alcoholic Beverage Code, is amended to read as follows:

1 Sec. 106.05. POSSESSION OF ALCOHOL OR CONSUMABLE HEMP
2 PRODUCT BY A MINOR.

3 SECTION 60. Sections 106.05(a), (b), and (d), Alcoholic
4 Beverage Code, are amended to read as follows:

5 (a) Except as provided in Subsection (b) of this section, a
6 minor commits an offense if the minor ~~[he]~~ possesses an alcoholic
7 beverage or a consumable hemp product.

8 (b) A minor may possess an alcoholic beverage or a
9 consumable hemp product:

10 (1) while in the course and scope of the minor's
11 employment if the minor is an employee of a licensee or permittee
12 and the employment is not prohibited by this code;

13 (2) if the minor is in the visible presence of the
14 minor's ~~[his]~~ adult parent, guardian, or spouse, or other adult to
15 whom the minor has been committed by a court;

16 (3) if the minor is under the immediate supervision of
17 a commissioned peace officer engaged in enforcing the provisions of
18 this code; or

19 (4) if the beverage is lawfully provided to the minor
20 under Section 106.16.

21 (d) Subsection (a) does not apply to a minor who:

22 (1) requested emergency medical assistance in
23 response to the possible alcohol or consumable hemp product
24 overdose of the minor or another person;

25 (2) was the first person to make a request for medical
26 assistance under Subdivision (1); and

27 (3) if the minor requested emergency medical

1 assistance for the possible alcohol or consumable hemp product
2 overdose of another person:

3 (A) remained on the scene until the medical
4 assistance arrived; and

5 (B) cooperated with medical assistance and law
6 enforcement personnel.

7 SECTION 61. The heading to Section 106.06, Alcoholic
8 Beverage Code, is amended to read as follows:

9 Sec. 106.06. PURCHASE OF ALCOHOL OR CONSUMABLE HEMP PRODUCT
10 FOR A MINOR; FURNISHING ALCOHOL OR CONSUMABLE HEMP PRODUCT TO A
11 MINOR.

12 SECTION 62. Sections 106.06(a), (b), (c-1), (d), and (e),
13 Alcoholic Beverage Code, are amended to read as follows:

14 (a) Except as provided in Subsection (b), a person commits
15 an offense if the person purchases an alcoholic beverage or a
16 consumable hemp product for or gives an alcoholic beverage or a
17 consumable hemp product to a minor.

18 (b) A person may purchase an alcoholic beverage or a
19 consumable hemp product for or give an alcoholic beverage to a minor
20 if the person is:

21 (1) the minor's adult parent, guardian, or spouse, or
22 an adult in whose custody the minor has been committed by a court,
23 and is visibly present when the minor possesses or consumes the
24 alcoholic beverage or consumable hemp product; or

25 (2) a person lawfully providing an alcoholic beverage
26 to a minor under Section 106.16.

27 (c-1) An offense under this section is a state jail felony

1 if it is shown on the trial of the offense that the person purchased
2 an alcoholic beverage or a consumable hemp product for or gave an
3 alcoholic beverage or a consumable hemp product to a minor who, as a
4 result of the consumption of the alcoholic beverage or consumable
5 hemp product, caused another person to suffer serious bodily injury
6 or death.

7 (d) A judge, acting under Chapter 42A, Code of Criminal
8 Procedure, who places a defendant charged with an offense under
9 this section on community supervision under that chapter shall, if
10 the defendant committed the offense at a gathering where
11 participants were involved in the abuse of alcohol, including binge
12 drinking or forcing or coercing individuals to consume alcohol or
13 consumable hemp products, in addition to any other condition
14 imposed by the judge:

15 (1) require the defendant to:

16 (A) perform community service for not less than
17 20 or more than 40 hours; and

18 (B) attend an alcohol awareness program approved
19 under Section 106.115 or a substance misuse education program under
20 Section 521.374(a)(1), Transportation Code; and

21 (2) order the Department of Public Safety to suspend
22 the driver's license or permit of the defendant or, if the defendant
23 does not have a driver's license or permit, to deny the issuance of
24 a driver's license or permit to the defendant for 180 days.

25 (e) Community service ordered under Subsection (d) is in
26 addition to any community service ordered by the judge under
27 Article 42A.304, Code of Criminal Procedure, and must be related to

1 education about or prevention of misuse of alcohol or drugs if
2 programs or services providing that education are available in the
3 community in which the court is located. If programs or services
4 providing that education are not available, the court may order
5 community service that the court considers appropriate for
6 rehabilitative purposes.

7 SECTION 63. Section 106.07(a), Alcoholic Beverage Code, is
8 amended to read as follows:

9 (a) A minor commits an offense if the minor [~~he~~] falsely
10 states that the minor [~~he~~] is 21 years of age or older or presents
11 any document that indicates the minor [~~he~~] is 21 years of age or
12 older to a person engaged in selling or serving alcoholic beverages
13 or consumable hemp products.

14 SECTION 64. The heading to Section 106.071, Alcoholic
15 Beverage Code, is amended to read as follows:

16 Sec. 106.071. PUNISHMENT FOR HEMP OR ALCOHOL-RELATED
17 OFFENSE BY MINOR.

18 SECTION 65. Section 106.08, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 106.08. IMPORTATION BY A MINOR. No minor may import
21 into this state or possess with intent to import into this state any
22 alcoholic beverage or consumable hemp product.

23 SECTION 66. The heading to Section 106.115, Alcoholic
24 Beverage Code, is amended to read as follows:

25 Sec. 106.115. ALCOHOL AWARENESS OR SUBSTANCE MISUSE
26 EDUCATION PROGRAM; LICENSE SUSPENSION.

27 SECTION 67. Sections 106.115(b-1), (b-2), (c), and (d),

1 Alcoholic Beverage Code, are amended to read as follows:

2 (b-1) If the defendant resides in a county with a population
3 of 75,000 or less and access to an alcohol awareness or substance
4 misuse education program is not readily available in the county,
5 the court may allow the defendant to take an online alcohol
6 awareness or substance misuse education program approved by the
7 Texas Department of Licensing and Regulation or require the
8 defendant to perform not less than eight hours of community service
9 related to alcohol or drug abuse prevention or treatment instead of
10 attending the alcohol or substance misuse education awareness
11 program. Community service ordered under this subsection is in
12 addition to community service ordered under Section 106.071(d).

13 (b-2) For purposes of Subsection (b-1), if the defendant is
14 enrolled in an institution of higher education located in a county
15 in which access to an alcohol awareness or substance misuse
16 education program is readily available, the court may consider the
17 defendant to be a resident of that county. If the defendant is not
18 enrolled in such an institution of higher education or if the court
19 does not consider the defendant to be a resident of the county in
20 which the institution is located, the defendant's residence is the
21 residence listed on the defendant's driver's license or personal
22 identification certificate issued by the Department of Public
23 Safety. If the defendant does not have a driver's license or
24 personal identification certificate issued by the Department of
25 Public Safety, the defendant's residence is the residence on the
26 defendant's voter registration certificate. If the defendant is
27 not registered to vote, the defendant's residence is the residence

1 on file with the public school district on which the defendant's
2 enrollment is based. If the defendant is not enrolled in public
3 school, the defendant's residence is determined by the court.

4 (c) The court shall require the defendant to present to the
5 court, within 90 days of the date of final conviction, evidence in
6 the form prescribed by the court that the defendant, as ordered by
7 the court, has satisfactorily completed an alcohol awareness or
8 substance misuse education program or performed the required hours
9 of community service. For good cause the court may extend this
10 period by not more than 90 days. If the defendant presents the
11 required evidence within the prescribed period, the court may
12 reduce the assessed fine to an amount equal to no less than one-half
13 of the amount of the initial fine.

14 (d) If the defendant does not present the required evidence
15 within the prescribed period, the court:

16 (1) shall order the Department of Public Safety to:

17 (A) suspend the defendant's driver's license or
18 permit for a period not to exceed six months or, if the defendant
19 does not have a license or permit, to deny the issuance of a license
20 or permit to the defendant for that period; or

21 (B) if the defendant has been previously
22 convicted of an offense under one or more of the sections listed in
23 Subsection (a), suspend the defendant's driver's license or permit
24 for a period not to exceed one year or, if the defendant does not
25 have a license or permit, to deny the issuance of a license or
26 permit to the defendant for that period; and

27 (2) may order the defendant or the parent, managing

conservator, or guardian of the defendant to do any act or refrain from doing any act if the court determines that doing the act or refraining from doing the act will increase the likelihood that the defendant will present evidence to the court that the defendant has satisfactorily completed an alcohol awareness or substance misuse education program or performed the required hours of community service.

SECTION 68. Section 106.13(a), Alcoholic Beverage Code, is amended to read as follows:

(a) Except as provided in Subsections (b) and (c) of this section, the commission or administrator may cancel or suspend for not more than 90 days a retail license or permit issued under this code or a private club registration permit if it is found, on notice and hearing, that the licensee or permittee with criminal negligence sold, served, dispensed, or delivered an alcoholic beverage or consumable hemp product to a minor or with criminal negligence permitted a minor to violate Section 106.04 or 106.05 of this code on the licensed premises.

SECTION 69. Section 106.14, Alcoholic Beverage Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) In addition to the requirements in Subsection (a), an employee's actions are not attributable to the employer if the employee sells, serves, or dispenses hemp beverages as authorized under Chapter 59 on the employer's premises and the employee has attended the annual hemp beverage training required under Section 59.09.

SECTION 70. Chapter 106, Alcoholic Beverage Code, is

1 amended by adding Section 106.141 to read as follows:

2 Sec. 106.141. ACTIONS OF EMPLOYEE OF HEMP RETAILER. For
3 purposes of this chapter and any other provision of this code
4 relating to the sale, service, or dispensing of consumable hemp
5 products to a minor or an intoxicated person or the consumption of
6 consumable hemp products by a minor or an intoxicated person, the
7 actions of an employee shall not be attributable to the employer if:

8 (1) the employee has attended the mandatory training
9 under Section 310.304 within the last year; and

10 (2) the employer has not directly or indirectly
11 encouraged the employee to violate such law.

12 SECTION 71. Section 107.07, Alcoholic Beverage Code, is
13 amended by amending Subsection (a) and adding Subsection (b) to
14 read as follows:

15 (a) Except as provided by Subsection (b), a [A] person may
16 import not more than 24 12-ounce bottles or an equivalent quantity
17 of malt beverages, 3 gallons of wine, and 1 gallon of distilled
18 spirits for the person's own personal use without being required to
19 hold a permit. A person importing alcoholic beverages into the
20 state under this subsection must pay the state tax on alcoholic
21 beverages and an administrative fee of \$3 and must affix the
22 required tax stamps. No minor and no intoxicated person may import
23 any alcoholic beverages into the state. A person importing
24 alcoholic beverages under this subsection must personally
25 accompany the alcoholic beverages as the alcoholic beverages enter
26 the state. A person may not use the exemptions set forth in this
27 subsection more than once every thirty days.

1 (b) This section does not authorize the importation of hemp
2 beverages for personal use.

3 SECTION 72. Section 107.11, Alcoholic Beverage Code, is
4 amended by amending Subsection (a) and adding Subsection (c) to
5 read as follows:

6 (a) Except as provided by Subsection (c), a [A] person who
7 is relocating a household may import, or contract with a motor
8 carrier or another person to import, a personal malt beverage,
9 wine, or distilled spirit collection as a part of that person's
10 household goods.

11 (c) This section does not authorize the importation of a
12 hemp beverage as part of a person's household goods.

13 SECTION 73. Sections 109.01, 109.02, and 109.03, Alcoholic
14 Beverage Code, are amended to read as follows:

15 Sec. 109.01. SALE OF SALVAGED OR INSURED LOSS. If a person
16 who does not hold a permit or license to sell alcoholic beverages or
17 consumable hemp products acquires possession of alcoholic
18 beverages or consumable hemp products as an insurer or insurance
19 salvor in the salvage or liquidation of an insured damage or loss
20 sustained in this state by a qualified licensee or permittee, the
21 person [he] may sell the beverages or products in one lot or parcel
22 as provided in this subchapter without being required to obtain a
23 license or permit.

24 Sec. 109.02. REGISTRATION OF BEVERAGES OR CONSUMABLE HEMP
25 PRODUCTS WITH COMMISSION. Immediately after taking possession of
26 the alcoholic beverages or consumable hemp products, the insurer or
27 insurance salvor shall register them with the commission,

furnishing the commission a detailed inventory and the exact location of the beverages or products. At the time of registration, the registrant shall post with the commission a surety bond in an amount that the administrator finds adequate to protect the state against the taxes due on the beverages or products, if any are due. The registrant shall remit with the registration a fee of \$10. The fee only permits the sale of the beverages or products listed in the registration.

Sec. 109.03. PREREQUISITE TO SALABILITY. An alcoholic beverage or consumable hemp product is salable under this subchapter only if it has not been adulterated, it is fit for human consumption, all tax stamps required by law have been affixed, and the labels are legible as to contents, brand, and manufacturer.

SECTION 74. Subchapter A, Chapter 109, Alcoholic Beverage Code, is amended by adding Section 109.055 to read as follows:

Sec. 109.055. SALE OF CONSUMABLE HEMP PRODUCTS: PROCEDURE.

(a) When the commission is notified under this subchapter of the acquisition of consumable hemp products or their containers or original packages, the commission shall immediately notify a holder of a hemp distributor's license who handles the brand of consumable hemp products or the holder of the hemp manufacturer's license who produced the products.

(b) The insurer or insurance salvor, the commission, and the distributor or manufacturer shall jointly agree whether the consumable hemp products are salable. If the consumable hemp products are determined to be unsalable, the commission shall destroy the products. If the consumable hemp products are

1 determined to be salable, the products must first be offered for
2 sale to the manufacturer or distributor at their cost price, less
3 any state taxes that have been paid on the products.

4 (c) If the distributor or manufacturer does not exercise the
5 right to purchase the consumable hemp products within 10 days after
6 being given the opportunity to purchase, the insurer or insurance
7 salvor may sell the products to any qualified consumable hemp
8 product licensee in the same manner provided for the sale of
9 alcoholic beverages in Section 109.01.

10 SECTION 75. Section 109.06, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 109.06. PURCHASER'S RIGHT TO USE BEVERAGES OR
13 CONSUMABLE HEMP PRODUCTS. A permittee or licensee who purchases
14 alcoholic beverages or consumable hemp products under this
15 subchapter may treat them as other alcoholic beverages or
16 consumable hemp products acquired by the permittee or licensee
17 ~~[him]~~ as provided in this code.

18 SECTION 76. Section 109.21(a), Alcoholic Beverage Code, is
19 amended to read as follows:

20 (a) The head of a family or an unmarried adult may produce
21 for the person's use or the use of the person's family not more than
22 200 gallons of wine or malt beverages, not including hemp
23 beverages, per year. No license or permit is required.

24 SECTION 77. Title 5, Alcoholic Beverage Code, is amended by
25 adding Chapter 202 to read as follows:

26 CHAPTER 202. CONSUMABLE HEMP PRODUCTS TAX

27 Sec. 202.001. DEFINITIONS. In this chapter:

1 (1) "Consumable hemp product" has the meanings
2 assigned by Section 1.004, Alcoholic Beverage Code.

3 (2) "Total tetrahydrocannabinol" means the value of
4 tetrahydrocannabinol content determined after decarboxylation
5 including delta-8, delta-9, delta-10, tetrahydrocannabinolic acid,
6 and any other chemically similar isomer. If the value of
7 tetrahydrocannabinol content contains any detectable amount of
8 tetrahydrocannabinolic acid, the value is equal to the amount of
9 tetrahydrocannabinolic acid multiplied by 0.877 plus the amount of
10 all other tetrahydrocannabinols.

11 Sec. 202.002. TIMELY FILING: DILIGENCE. A person filing a
12 report or making a tax payment complies with the filing
13 requirements for timeliness for a report not filed or a payment not
14 made on time if the person exercised reasonable diligence to comply
15 with the filing requirements and the failure to file or the making
16 of a late payment is not the fault of the person.

17 Sec. 202.003. "FIRST SALE" DEFINED. In this chapter,
18 "first sale" means the first sale of a consumable hemp product by
19 the holder of a hemp manufacturer's license or an out-of-state hemp
20 manufacturer's license to:

21 (1) the holder of a hemp manufacturer's license;
22 (2) the holder of a hemp distributor's license;
23 (3) a hemp retailer; or
24 (4) an ultimate consumer in this state for consumption
25 on or off the manufacturer's licensed premises.

26 Sec. 202.004. TAX ON CONSUMABLE HEMP PRODUCTS. A tax is
27 imposed on the first sale of a consumable hemp product at the rate

of:

(1) for products containing 0.5 milligrams or less of total tetrahydrocannabinol, 2 cents per milligram of cannabinoids contained in the consumable hemp product;

(2) for products containing 25 milligrams or less but more than 0.5 milligrams of total tetrahydrocannabinol, 25 cents per milligram of total tetrahydrocannabinol contained in the consumable hemp product;

(3) for products containing 50 milligrams or less but more than 25 milligrams of total tetrahydrocannabinol, 50 cents per milligram of total tetrahydrocannabinol contained in the consumable hemp product; and

(4) for products containing more than 50 milligrams of total tetrahydrocannabinol, one dollar per milligram of total tetrahydrocannabinol contained in the consumable hemp product.

Sec. 202.005. PAYMENT OF TAX; DISCOUNTS. (a) The tax on a consumable hemp product, levied and computed under this chapter, shall be paid by a remittance payable to the comptroller and forwarded together with any required sworn statement or report of taxes due to the commission in Austin on or before the date it is due.

(b) A discount of two percent of the amount due shall be withheld by the licensee for keeping records, furnishing bonds, and properly accounting for the remittance of the tax due. No discount is permitted if the tax is delinquent at the time of payment.

Sec. 202.006. DUE DATE. The tax on a consumable hemp product is due and payable on the 15th of the month following the

1 first sale, together with a report on the tax due.

2 Sec. 202.007. SUMMARY SUSPENSION. (a) The commission may
3 summarily suspend, without a hearing, the license of a licensee who
4 fails to file a report or return or to make a tax payment required by
5 this chapter. Chapter 2001, Government Code, does not apply to the
6 commission in the enforcement and administration of this section.

7 (b) A suspension under this section takes effect on the
8 third day after the date the notice of suspension is given. The
9 notice shall be given to the licensee or the licensee's agent or
10 employee by registered or certified mail if not given in person.

11 (c) The commission shall terminate a suspension made under
12 this section when the licensee files all required returns and makes
13 all required tax payments that are due.

14 Sec. 202.008. EXEMPTION FROM TAX. (a) No tax may be
15 collected on a consumable hemp product shipped out of state for
16 consumption outside the state.

17 (b) The commission shall provide forms for claiming the
18 exemption prescribed by this section.

19 (c) A tax credit shall be allowed for payment of any
20 unintended or excess tax.

21 Sec. 202.009. REFUND DUE ON DISPOSITION OUTSIDE OF STATE.
22 The holder of any license authorizing the transportation of
23 consumable hemp products out of this state may apply to the
24 commission for a refund of the tax paid on a consumable hemp product
25 on proper proof that the product was sold or disposed of outside of
26 this state.

27 Sec. 202.010. EXCESS TAX. A licensee is entitled to a

1 refund of or a tax credit on a future tax payment for any excess tax
2 paid on a consumable hemp product through oversight, mistake,
3 error, or miscalculation.

4 Sec. 202.011. TAX CREDITS AND REFUNDS. The commission
5 shall provide by rule for the equitable and final disposition of tax
6 refunds or credits when the tax on a consumable hemp product is
7 overpaid or paid by mistake. The commission shall prescribe the
8 time and manner for filing claims for credits and refunds and
9 provide appropriate forms.

10 Sec. 202.012. STATEMENTS. (a) The commission may require
11 the manufacturer of a consumable hemp product processed or
12 manufactured in this state or imported into this state to provide
13 information as to purchases, sales, and shipments to enable the
14 commission to collect the full amount of the tax due on the
15 consumable hemp product. No licensee may fail or refuse to furnish
16 the information.

17 (b) The commission may seize or withhold from sale the
18 manufacturer's consumable hemp products for failure or refusal to
19 supply the information required under Subsection (a) or to permit
20 the commission to make an investigation of pertinent records
21 whether inside or outside this state.

22 Sec. 202.013. SALE OF UNTAXED CONSUMABLE HEMP PRODUCTS
23 PROHIBITED. No person may sell, offer for sale, or store for the
24 purpose of sale in this state any consumable hemp product on which
25 the tax, if due, has not been paid.

26 Sec. 202.014. TAX ON UNSALABLE CONSUMABLE HEMP PRODUCTS.
27 No tax under Section 202.003 may be imposed or collected on a

1 consumable hemp product that for any reason has been found and
2 declared to be unsalable by the commission or administrator. A hemp
3 manufacturer or an out-of-state hemp manufacturer is entitled to a
4 refund of any tax the manufacturer paid on an unsalable consumable
5 hemp product.

6 Sec. 202.015. EVIDENCE IN SUIT. In a suit brought to
7 enforce the collection of tax owed by the holder of a license
8 authorizing the sale of consumable hemp products in this state, a
9 certificate by the commission or administrator showing the
10 delinquency is prima facie evidence of:

11 (1) the levy of the tax or the delinquency of the
12 stated amount of tax and penalty; and

13 (2) compliance by the commission with the provisions
14 of this code relating to the computation and levy of the tax.

15 Sec. 202.016. PENALTY. A person who violates any section of
16 this chapter except Section 202.008 or 202.012 commits a
17 misdemeanor which on conviction is punishable by a fine of more than
18 \$100 but not more than \$1,000 or by imprisonment in the county jail
19 for more than 30 days but not more than one year. A violation of
20 Section 202.008 or 202.012 is punishable in accordance with Section
21 1.05.

22 Sec. 202.017. CONSUMABLE HEMP PRODUCTS TAX DISTRIBUTION.

23 (a) The revenue attributable to taxes imposed under this chapter
24 and Chapter 151, Tax Code, on consumable hemp products shall be
25 deposited to the credit of the general revenue fund. Money
26 deposited under this section may be appropriated only as follows:

27 (1) one-half of the revenue to the commission for the

administration and enforcement of this code with respect to consumable hemp products;

(2) one-fourth of the revenue to accredited crime laboratories; and

(3) one-fourth of the revenue to local governments for addiction treatment and education programs.

(b) Chapter 205 of this code and Subchapter M, Chapter 151, Tax Code, do not apply to revenue to which this section applies.

SECTION 78. Section 203.01, Alcoholic Beverage Code, is amended to read as follows:

Sec. 203.01. TAX ON MALT BEVERAGES. (a) A tax is imposed on the first sale of malt beverages, not including hemp beverages, brewed in this state or imported into this state at the rate of six dollars per barrel.

(b) A tax is imposed on the first sale of a hemp beverage manufactured in this state or imported into this state at the rate of:

(1) for a hemp beverage container containing 0.5 milligrams or less of total tetrahydrocannabinol, 2 cents per milligram of cannabinoids contained in the hemp beverage container;

(2) for a hemp beverage container containing 6 milligrams or less but more than 0.5 milligrams of total tetrahydrocannabinol, 25 cents per milligram of total tetrahydrocannabinol contained in the hemp beverage container; and

(3) for a hemp beverage container containing more than 6 milligrams of total tetrahydrocannabinol, one dollar per milligram of total tetrahydrocannabinol contained in the hemp

1 beverage container.

2 SECTION 79. Chapter 203, Alcoholic Beverage Code, is
3 amended by adding Section 203.14 to read as follows:

4 Sec. 203.14. HEMP BEVERAGE TAX DISTRIBUTION. (a) The
5 revenue attributable to taxes imposed under this chapter and
6 Chapters 151 and 183, Tax Code, on hemp beverages shall be deposited
7 to the credit of the general revenue fund. Money deposited under
8 this section may be appropriated only as follows:

9 (1) one-half of the revenue to the commission for the
10 administration and enforcement of this code with respect to hemp
11 beverages;

12 (2) one-fourth of the revenue to accredited crime
13 laboratories; and

14 (3) one-fourth of the revenue to local governments for
15 addiction treatment and education programs.

16 (b) Chapter 205 of this code, Subchapter M, Chapter 151, Tax
17 Code, and Subchapter C, Chapter 183, Tax Code, do not apply to
18 revenue to which this section applies.

19 SECTION 80. Section 251.71, Alcoholic Beverage Code, is
20 amended by adding Subsections (a-1) and (f) and amending Subsection
21 (d) to read as follows:

22 (a-1) An area is a "dry area" as to consumable hemp products
23 if the sale of the products is unlawful in the area. An area is a
24 "wet area" for consumable hemp products if the sale of the products
25 is lawful in the area.

26 (d) In an information, complaint, or indictment, an
27 allegation that an area is a dry area as to a particular type of

1 alcoholic beverage, hemp beverage, or consumable hemp product is
2 sufficient, but a different status of the area may be urged and
3 proved as a defense.

4 (f) Notwithstanding Section 59.01, a vote to prohibit or
5 legalize the sale of alcoholic beverages, mixed beverages, or malt
6 beverages does not determine whether the sale of hemp beverages is
7 prohibited or legal. An authorized voting unit's status regarding
8 hemp beverages is determined as provided by Section 251.83.

9 SECTION 81. Section 251.72, Alcoholic Beverage Code, is
10 amended to read as follows:

11 Sec. 251.72. CHANGE OF STATUS. Except as provided in
12 Sections 251.725, 251.726, 251.727, 251.73, and 251.80, an
13 authorized voting unit that has exercised or may exercise the right
14 of local option retains the status adopted, whether absolute
15 prohibition or legalization of the sale of hemp beverages,
16 consumable hemp products, or alcoholic beverages of one or more of
17 the various types and alcoholic contents on which an issue may be
18 submitted under the terms of Section 501.035, Election Code, until
19 that status is changed by a subsequent local option election in the
20 same authorized voting unit.

21 SECTION 82. Section 251.73, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 251.73. PREVAILING STATUS: RESOLUTION OF CONFLICTS.
24 To ensure ~~[insure]~~ that each voter has the maximum possible control
25 over the status of the sale of hemp beverages, consumable hemp
26 products, and alcoholic beverages in the area where the voter ~~[he]~~
27 resides:

1 (1) the status that resulted from or is the result of a
2 duly called election for an incorporated city or town prevails
3 against the status that resulted from or is the result of a duly
4 called election in a justice precinct or county in which the
5 incorporated city or town, or any part of it is contained; and

6 (2) the status that resulted or is the result of a duly
7 called election for a justice precinct prevails against the status
8 that resulted from or is the result of a duly called election in an
9 incorporated city or town in which the justice precinct is wholly
10 contained or in a county in which the justice precinct is located.

11 SECTION 83. Section 251.80(a-1), Alcoholic Beverage Code,
12 is amended to read as follows:

13 (a-1) For purposes of a local option election, a newly
14 created justice precinct shall be considered to have not held a
15 local option election on the sale of hemp beverages, consumable
16 hemp products, and alcoholic beverages. Any local option status
17 established in the territory comprising the new justice precinct
18 that resulted from a local option election held in the territory
19 when the territory was part of another justice precinct remains in
20 effect until that status is changed by a local option election held
21 in the new justice precinct.

22 SECTION 84. Subchapter D, Chapter 251, Alcoholic Beverage
23 Code, is amended by adding Sections 251.83, 251.84, and 251.85 to
24 read as follows:

25 Sec. 251.83. SALE OF HEMP BEVERAGES. (a) The sale of hemp
26 beverages is authorized in each authorized voting unit in this
27 state unless that status is changed by a local option election in

1 the same authorized voting unit.

2 (b) An authorized voting unit that has exercised the right
3 of local option election retains the status adopted, whether
4 prohibition or legalization of the sale of hemp beverages, until
5 that status is changed by a subsequent local option election in the
6 same authorized voting unit.

7 Sec. 251.84. SALE OF CONSUMABLE HEMP PRODUCTS. (a) The
8 sale of consumable hemp products is authorized in each authorized
9 voting unit in this state unless that status is changed by a local
10 option election in the same authorized voting unit.

11 (b) An authorized voting unit that has exercised the right
12 of local option election retains the status adopted, whether
13 prohibition or legalization of the sale of consumable hemp
14 products, until that status is changed by a subsequent local option
15 election in the same authorized voting unit.

16 Sec. 251.85. CONTINUANCE OF OPERATION AS HEMP MANUFACTURER
17 OR DISTRIBUTOR. (a) Notwithstanding any other provision of this
18 code, a person who has been issued a hemp manufacturer's license may
19 not subsequently be denied an original or renewal hemp
20 manufacturer's license for the same location on the ground that the
21 sale of consumable hemp products has been prohibited in the area by
22 a local option election. A person holding a license at the time of
23 the election or issued a license as authorized by this section may
24 exercise all privileges granted by this code to the holder of a hemp
25 manufacturer's license, except selling consumable hemp products to
26 ultimate consumers.

27 (b) Notwithstanding any other provision of this code, a

person who has been issued a hemp distributor's license, whose warehouse or other facility used in connection with the distributorship is located in the area affected, may not subsequently be denied an original or renewal hemp distributor's license for the same location on the ground that the sale of consumable hemp products has been prohibited in the area by a local option election. A person holding a license at the time of the election or issued a license as authorized by this section may exercise all privileges granted by this code to the holder of a hemp distributor's license, except that the distributor may sell consumable hemp products only to licensed persons located where the sale of such products is legal.

SECTION 85. The Alcoholic Beverage Code is amended by adding Title 7 to read as follows:

TITLE 7. CONSUMABLE HEMP PRODUCTS

SUBTITLE A. GENERAL PROVISIONS

CHAPTER 301. GENERAL PROVISIONS

Sec. 301.001. DEFINITIONS. In this title:

(1) "Batch" means a specific quantity of plant matter, raw materials, or processed product that is uniform and intended to meet specifications for identity, strength, purity, and composition.

(2) "Converted cannabinoid" means a chemical substance purposely created by converting a phytocannabinoid into a different compound that is intended to mimic a phytocannabinoid or to interact with the endocannabinoid system, except for delta-9 tetrahydrocannabinol created by converting tetrahydrocannabinolic

acid through decarboxylation.

(3) "Council" means the Texas Hemp Council.

(4) "Hemp biomass" means the unrefined and unadulterated plant matter including flowers, leaves, and other parts of the plant cannabis sativa L. with a delta-9 tetrahydrocannabinol concentration of less than 0.3 percent by dry weight.

(5) "Hemp-derived cannabinoid" means any cannabinoid that naturally occurs in hemp and was present in its natural molecular form in the particular hemp plant from which the cannabinoid was derived. The term includes delta-9 tetrahydrocannabinol created by converting tetrahydrocannabinolic acid through decarboxylation. The term does not include a converted cannabinoid or synthetic cannabinoid.

(6) "Manufacture" has the meaning assigned by Section [431.002](#), Health and Safety Code.

(7) "Measure of uncertainty" means the parameter associated with the results of an analytical measurement characterizing the dispersion of the values that could reasonably be attributed to the quantity subjected to a testing measurement.

(8) "Natural hemp flower" means unadulterated dried flower from the plant cannabis sativa L. with a delta-9 tetrahydrocannabinol concentration of less than 0.3 percent by dry weight.

(9) "Phytocannabinoid" means a chemical substance:

(A) created naturally by a plant of the species cannabis sativa L. that:

1 (i) is separated from the plant by a
2 mechanical or chemical extraction process; or

3 (ii) binds to or interacts with the
4 cannabinoid receptors of the endocannabinoid system; or

5 (B) produced by decarboxylation from a naturally
6 occurring cannabinoid acid without the use of a chemical catalyst.

7 (10) "Process" means to extract a component of hemp,
8 including cannabidiol or another cannabinoid, that is:

9 (A) sold as a consumable hemp product;

10 (B) offered for sale as a consumable hemp
11 product;

12 (C) incorporated into a consumable hemp product;

13 or

14 (D) intended to be incorporated into a consumable
15 hemp product.

16 (11) "QR code" means a quick response machine-readable
17 code that can be read by a camera, consisting of an array of black
18 and white squares used for storing information or directing or
19 leading a user to additional information.

20 (12) "Synthetic cannabinoid" means a man-made
21 chemical substance created by using chemical synthesis, chemical
22 modification, chemical conversion, in-vitro biosynthesis, or
23 bioconversion that is intended to mimic a phytocannabinoid or is
24 intended to or able to interact with the endocannabinoid system.

25 (13) "Total tetrahydrocannabinol content" means the
26 value of tetrahydrocannabinol content determined after
27 decarboxylation including delta-8, delta-9, delta-10,

tetrahydrocannabinolic acid, and any other chemically similar isomer. If the value of tetrahydrocannabinol content contains any detectable amount of tetrahydrocannabinolic acid, the value is equal to the amount of tetrahydrocannabinolic acid multiplied by 0.877 plus the amount of all other tetrahydrocannabinols.

(14) "Work in progress" means hemp extract that is in the intermediate phase of processing and refinement and that is not intended for sale to a retailer or an ultimate consumer.

Sec. 301.002. APPLICABILITY OF OTHER LAW. (a) Unless expressly provided otherwise in this title, the following provisions do not apply in the regulation of consumable hemp products or to a license issued under this title:

(1) Title 3;

(2) Chapter 102; and

(3) Sections 6.03 and 109.53.

(b) Chapter 431, Health and Safety Code, applies to a license holder and a consumable hemp product regulated under this chapter.

Sec. 301.003. POSSESSION, TRANSPORTATION, AND SALE OF CONSUMABLE HEMP PRODUCTS. (a) Except as provided by Subsection (b), a person may possess, transport, sell, or purchase a consumable hemp product only if the product is processed or manufactured in compliance with this title.

(b) Nothing in this title prohibits the continuous transportation or shipment of hemp or hemp products produced in another state in accordance with federal law through this state.

Sec. 301.004. LOW-THC CANNABIS. This title does not apply

1 to low-THC cannabis regulated under Chapter 487, Health and Safety
2 Code.

3 Sec. 301.005. LOCAL REGULATION PROHIBITED. (a) Except as
4 provided by Subsection (b) or Chapters 251 and 501, Election Code, a
5 municipality, county, or other political subdivision of this state
6 may not enact, adopt, or enforce a rule, ordinance, order,
7 resolution, or other regulation concerning the processing of hemp,
8 or the manufacturing, distribution, or sale of a consumable hemp
9 product as authorized by this title.

10 (b) Subject to Section 109.57(a), the holder of a license
11 issued under this title shall comply with all applicable local
12 rules, ordinances, orders, resolutions, or regulations, including
13 those regarding health, safety, zoning, sanitation, and
14 advertising.

15 Sec. 301.006. SEVERABILITY. (a) A provision of this title
16 or its application to any person or circumstance is invalid if the
17 provision or application conflicts with 7 U.S.C. Chapter 38,
18 Subchapter VII, and prevents the approval of the state plan
19 submitted under Chapter 121, Agriculture Code.

20 (b) The invalidity of a provision or application under
21 Subsection (a) does not affect the other provisions or applications
22 of this title that can be given effect without the invalid provision
23 or application, and to this end the provisions of this title are
24 declared to be severable.

25 Sec. 301.007. WAIVER OF REQUIREMENTS OR STANDARDS. (a)
26 Subject to Subsection (b), the commission by order may waive or
27 modify a requirement or standard of this code as it applies to

1 consumable hemp products or hemp beverages and a licensee or
2 permittee that manufactures, distributes, or sells consumable hemp
3 products or hemp beverages if the commission determines that the
4 waiver or modification:

5 (1) is necessary or advisable for the efficient
6 operation of the hemp industry in Texas;

7 (2) will not negatively impact the public health,
8 safety, or welfare of the people of this state; and

9 (3) is in the best interests of this state.

10 (b) A waiver or modification ordered by the administrator
11 under this section may not extend past the last day of the regular
12 session of the legislature that begins after the waiver or
13 modification takes effect. The waiver or modification may not be
14 renewed, nor may a new substantially similar waiver or modification
15 be ordered.

16 (c) This section expires May 28, 2027.

17 Sec. 301.008. SALE OR INTRODUCTION INTO COMMERCE. (a)
18 Natural hemp flower or hemp biomass that has a delta-9
19 tetrahydrocannabinol concentration of more than 0.3 percent by dry
20 weight, subject to the measure of uncertainty, may not be
21 introduced into commerce in this state.

22 (b) A consumable hemp product or hemp beverage may not be
23 sold at retail or otherwise introduced into commerce in this state
24 if:

25 (1) it is derived from hemp grown or harvested outside
26 of the United States; or

27 (2) the tetrahydrocannabinol content exceeds the

applicable limit established by Section 59.10 or 320.005.

SUBTITLE B. REGULATION

CHAPTER 310. LICENSING

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 310.001. LICENSE REQUIRED. (a) A person may not manufacture or process consumable hemp products, import, ship, or transport consumable hemp products, distribute or sell consumable hemp products, or possess consumable hemp products for the purpose of sale without having first obtained an appropriate license as provided by this title.

(b) Each license holder shall display the license at all times in a conspicuous place at the licensed place of business.

(c) A separate license is required, and a separate licensing fee must be paid, for each location at which a person is engaged in the consumable hemp product business under this title. An applicant may obtain a license only for a building or similar permanent structure that is adequate for the privileges conferred under the license.

(d) A person may not use a license or exercise any privilege granted by the license except at the place, address, premises, or location for which the license is issued.

(e) A license holder must have and maintain exclusive occupancy and control of the entire licensed premises in every phase of the manufacturing, processing, storing, possession, and sale of consumable hemp products purchased, stored, or sold on the licensed premises. A device, scheme, or plan that surrenders control of the employees, premises, or business of the license

1 holder to a person other than the license holder is unlawful.

2 (f) A license issued under this title is a purely personal
3 privilege and is subject to revocation or suspension as provided by
4 this title. A license issued under this title is not property, is
5 not subject to execution, does not pass by descent or distribution,
6 and expires on the death of the license holder.

7 Sec. 310.002. APPLICATION FOR LICENSE. (a) A person may
8 file an application for a license to test, manufacture, distribute,
9 sell, or carry consumable hemp products as prescribed by the
10 commission.

11 (b) The commission may issue an original or renewal license
12 or deny an application for an original or renewal license under the
13 provisions of this subchapter.

14 (c) On receipt of an application for a license under this
15 title, the administrator shall evaluate the application. If after
16 evaluating the license application the administrator finds that all
17 facts stated in the application are true and no legal ground to deny
18 the application exists, the administrator shall issue the license.

19 (d) If after the evaluation of a license application the
20 administrator finds a legal ground to deny the application, the
21 administrator shall recommend to the commission that the
22 application be denied. If the administrator recommends denial of
23 the application, the applicant may request a hearing be conducted
24 under Subsection (e).

25 (e) A hearing under this section shall be conducted by the
26 State Office of Administrative Hearings. Chapter 2001, Government
27 Code, applies to a hearing under this section. After a hearing

1 under this section, the administrative law judge shall make
2 findings of fact and conclusions of law and promptly issue to the
3 commission a proposal for a decision on the application. Based on
4 the findings of fact, conclusions of law, and proposal for a
5 decision, the commission shall issue a final decision denying the
6 application or issuing the license.

7 (f) If the commission denies a permit application, the
8 applicant may, after exhausting all administrative remedies,
9 appeal the commission's decision to a district court in Travis
10 County.

11 (g) The commission shall adopt rules to implement the
12 application review process.

13 (h) A person may not test, manufacture, process,
14 distribute, import, store, carry, or sell consumable hemp products
15 during the pendency of the person's original license application.

16 Sec. 310.003. CONTENTS OF APPLICATION: MANUFACTURERS. In
17 addition to any requirements imposed by this subchapter or the
18 commission, an application for a hemp manufacturer's license or an
19 out-of-state manufacturer's license must include:

20 (1) a legal description of each location where the
21 applicant intends to process hemp or manufacture consumable hemp
22 products;

23 (2) a statement that the applicant understands and
24 consents to inspections under Section 101.04;

25 (3) a statement affirming the person's status as a
26 United States citizen or legal resident of the United States; and

27 (4) its written policies and procedures for monitoring

1 and tracking all quality assurance concerns and complaints from
2 consumers and retail license holders, including:

3 (A) a policy requiring notification to the
4 commission within 24 hours of the applicant initiating a recall;

5 (B) procedures for rapid notification to the
6 applicant's supply and distribution chain to recall any consumable
7 hemp product or hemp beverage when directed by the commission or as
8 deemed necessary by the applicant;

9 (C) procedures for instructing the general
10 public and retail license holders how to return or destroy a
11 consumable hemp product or hemp beverage manufactured by the
12 applicant and subject to a recall.

13 Sec. 310.004. CONTENTS OF APPLICATION: DISTRIBUTORS. In
14 addition to any requirements imposed by this subchapter or the
15 commission, an application for a hemp distributor's license must
16 include:

17 (1) a legal description of each location where the
18 applicant intends to possess, hold, or dispatch consumable hemp
19 products; and

20 (2) a statement that the applicant understands and
21 consents to inspections under Section 101.04; and

22 (3) a statement affirming the person's status as a
23 United States citizen or legal resident of the United States.

24 Sec. 310.005. CONTENTS OF APPLICATION: RETAILERS. In
25 addition to any requirements imposed by this subchapter or the
26 commission, an application for a hemp retailer's license must
27 include:

1 (1) a legal description of the proposed retail
2 premises;

3 (2) a statement that the applicant understands and
4 consents to inspections under Section 101.04; and

5 (3) a statement affirming the person's status as a
6 United States citizen or legal resident of the United States.

7 Sec. 310.006. APPEAL FROM DENIAL. (a) If a license is
8 issued on the basis of a district court judgment and that judgment
9 is reversed on appeal, the mandate of the appellate court
10 automatically invalidates the license.

11 (b) A person appealing from an order denying a license shall
12 give bond for all costs incident to the appeal and shall be required
13 to pay those costs only if the judgment on appeal is unfavorable to
14 the appellant. A bond is not required on appeals filed on behalf of
15 the state.

16 Sec. 310.007. CERTIFICATION OF WET OR DRY STATUS FOR
17 CONSUMABLE HEMP PRODUCTS. (a) This section does not apply to a
18 prospective applicant for a hemp testing laboratory license.

19 (b) Not later than the 30th day after the date a prospective
20 applicant for a license issued by the commission under this title
21 requests certification, the county clerk of the county in which the
22 request is made shall certify whether the location or address given
23 in the request is in a wet area for consumable hemp products.

24 (c) Not later than the 30th day after the date a prospective
25 applicant for a license issued by the commission under this title
26 requests certification, the city secretary or clerk of the city in
27 which the request is made shall certify whether the location or

1 address given in the request is in a wet area for consumable hemp
2 products.

3 (d) If a license is issued for a premises that is not in a
4 wet area, based on a mistaken certification or otherwise, that
5 license is not eligible for renewal at that location unless a
6 subsequent local option election legalizes the sale of consumable
7 hemp products in the territory where the premises is located.

8 (e) Notwithstanding any other provision of this code, if the
9 county clerk, city secretary, or city clerk certifies that the
10 location or address given in the request is not in a wet area or
11 refuses to issue the certification required by this section, the
12 prospective applicant is entitled to a hearing before the county
13 judge to contest the certification or refusal to certify. The
14 prospective applicant must submit a written request to the county
15 judge for a hearing under this subsection. The county judge shall
16 conduct a hearing required by this subsection not later than the
17 30th day after the date the county judge receives the written
18 request.

19 Sec. 310.008. RENEWAL APPLICATION. (a) An application to
20 renew a license issued under this title must be filed with the
21 commission not earlier than the 30th day before the date the license
22 expires but not after it expires. The application must be signed by
23 the applicant and must contain complete information required by
24 rule showing that the applicant is not disqualified from holding a
25 license. The application must be accompanied by the appropriate
26 license fee.

27 (b) When the renewal application has been filed in

1 accordance with Subsection (a), the commission shall follow the
2 procedures for reviewing a license application under Section
3 310.002.

4 Sec. 310.009. EXPIRATION OF LICENSE. (a) Except as
5 provided by Subsections (b) and (c) or another provision of this
6 title, any license issued under this title expires on the second
7 anniversary of the date on which it is issued.

8 (b) The commission by rule may require that the expiration
9 date for an individual license holder's license is the first
10 anniversary of the date on which the license is issued due to the
11 license holder's violation history.

12 (c) The commission may issue a license with an expiration
13 date of less than two years after the date the license is issued to
14 maintain a reasonable annual distribution of renewal application
15 review work and license fees. If the commission issues a license
16 with an expiration date of less than two years after the date the
17 license is issued, the commission shall prorate the license fee on a
18 monthly basis so the license holder pays only that portion of the
19 license fee that is allocable to the number of months during which
20 the license is valid.

21 Sec. 310.010. LICENSE NOT ASSIGNABLE. (a) A license holder
22 may not assign a license to another person.

23 (b) A license holder may not consent to or allow the use or
24 display of the license holder's license by a person other than the
25 person to whom the license was issued.

26 Sec. 310.011. NAME OF BUSINESS. A person may not own,
27 wholly or partly, a business engaged in the processing,

1 manufacture, transportation, distribution, importation, or sale of
2 consumable hemp products under a name other than the name to which
3 the license covering the person's place of business is issued.

4 Sec. 310.012. PRIVILEGES LIMITED TO LICENSED PREMISES.
5 Except as otherwise provided by this title, a person licensed to
6 sell consumable hemp products at retail may not use or display a
7 license or exercise a privilege granted by the license except at the
8 licensed premises.

9 Sec. 310.013. AGENT FOR SERVICE. Each licensed hemp
10 manufacturer, out-of-state hemp manufacturer, and hemp
11 distributor, or person shipping consumable hemp products into this
12 state, shall file a certificate with the secretary of state
13 designating the name, street address, and business of the person's
14 agent on whom process may be served. Filing a certificate shall
15 constitute consent to jurisdiction in the courts of this state. If
16 a licensee fails to file a certificate, service may be had on the
17 secretary of state in any cause of action arising out of a violation
18 of this code, and the secretary of state shall send any citation
19 served on the secretary by registered mail, return receipt
20 requested, to the person for whom the citation is intended. The
21 receipt by the secretary of state is prima facie evidence of service
22 on the person.

23 Sec. 310.014. STATEMENT OF STOCK OWNERSHIP. The commission
24 at any time may require an officer of a corporation holding a
25 license under this title to file a sworn statement showing the
26 actual owners of the stock of the corporation, the amount of stock
27 owned by each owner, the officers of the corporation, and any

1 information concerning the qualifications of the officers or
2 stockholders.

3 Sec. 310.015. CHANGE OF LOCATION. If a license holder
4 desires to change the license holder's place of business, the
5 license holder shall file an application to change location with
6 the commission. An additional license fee for the unexpired term of
7 the license may not be required for an application to change
8 location.

9 Sec. 310.016. RESTRICTION ON CONSUMPTION. A license holder
10 may not permit consumable hemp products to be consumed on the
11 licensed premises. This section does not apply to the holder of an
12 on-premise hemp retailer's license.

13 Sec. 310.017. CONDUCT SURETY BOND. (a) Except as provided
14 by Subsections (b) and (e), an applicant for or a holder of a
15 license issued under this title shall file with the commission a
16 surety bond in the amount of \$10,000, conditioned on the
17 applicant's or license holder's compliance with laws relating to
18 consumable hemp products and narcotics. This bond requirement is
19 in addition to any other applicable bond requirement imposed by
20 this code.

21 (b) A surety bond required under this section must contain
22 the following statements on the face of the bond:

23 (1) that the license holder will not violate a law of
24 this state relating to consumable hemp products, narcotics, or
25 alcoholic beverages or a rule adopted by the commission; and

26 (2) that the license holder agrees that the amount of
27 the bond shall be paid to the state if the license is revoked or on

1 final adjudication that the license holder violated a provision of
2 this code, regardless of whether the actions of an employee of the
3 license holder are attributable to the license holder under Section
4 106.141.

5 (c) The commission shall adopt rules relating to the:

6 (1) form of a surety bond;

7 (2) qualifications for a surety;

8 (3) method for filing and obtaining approval of the
9 bond by the commission; and

10 (4) release or discharge of the bond.

11 (d) A license holder required to file a surety bond may
12 furnish instead of all or part of the required bond amount:

13 (1) one or more certificates of deposit assigned to
14 the state issued by a federally insured bank or savings institution
15 authorized to do business in this state; or

16 (2) one or more letters of credit issued by a federally
17 insured bank or savings institution authorized to do business in
18 this state.

19 (e) A license holder who has held a license for three years
20 or more before the date the license holder applied for renewal of
21 the license is not required to furnish a surety bond if the license
22 holder:

23 (1) has not had a license or permit issued under this
24 code revoked in the five years immediately preceding the date the
25 license holder applied for renewal of the license;

26 (2) is not the subject of a pending permit or license
27 revocation proceeding; and

1 (3) has continuously operated on the licensed premises
2 for three years or more immediately preceding the date the license
3 holder applied for renewal of the license.

4 (f) If a license holder is exempt from furnishing a conduct
5 surety bond under Subsection (f), the license holder is exempt from
6 furnishing the bond at another location where the license holder
7 applies for or holds a license.

8 Sec. 310.018. LICENSING FEES. (a) A separate license fee
9 is required for each place of business that manufactures,
10 processes, imports, transports, distributes, or sells consumable
11 hemp products.

12 (b) The fee for the issuance of an original or renewal
13 license issued under this title is:

- 14 (1) \$25,000 for a hemp manufacturer's license;
15 (2) \$20,000 for an out-of-state hemp manufacturer's
16 license;
17 (3) \$10,000 for a hemp distributor's license;
18 (4) \$20,000 for an off-premise hemp retailer's
19 license;
20 (5) \$30,000 for an on-premise hemp retailer's license;
21 and
22 (6) \$10,000 for a hemp carrier's license.

23 (c) All license fees shall be deposited as provided in a
24 fund dedicated for the administration of hemp laws. Each license
25 application must be accompanied by a cashier's check, a teller's
26 check, a check drawn on the account of a corporation applying for a
27 license or on the account of a corporation that is an agent for the

1 person applying for a license, a money order, or payment by credit
2 card, charge card, or other electronic form of payment approved by
3 commission rule for the amount of the fee, payable to the order of
4 the comptroller of public accounts.

5 (d) A license holder may not obtain a refund on the
6 surrender or nonuse of a license except as provided by this title.

7 (e) The executive commissioner may not refund a license fee
8 except when an application for a license is denied under Section
9 310.021. The commission may appropriate as much of the proceeds
10 from the license fees as necessary for the payment of a refund under
11 this subsection.

12 Sec. 310.019. MANDATORY GROUNDS FOR DENIAL. (a) In this
13 section, "applicant" includes, as of the date of the application,
14 each member of a partnership or association and, with respect to a
15 corporation, each officer and the owner or owners of a majority of
16 the corporate stock.

17 (b) The commission shall deny an application for a license
18 under this title if:

19 (1) the applicant fails to include the required
20 contents; or

21 (2) the commission has reasonable grounds to believe
22 and finds that:

23 (A) the applicant is a minor;

24 (B) the applicant is indebted to the state for
25 any taxes, fees, or penalties imposed by this code or a rule adopted
26 by the commission;

27 (C) the place or manner in which the applicant

1 may conduct the applicant's business warrants a denial of the
2 application for a license based on the general welfare, health,
3 peace, morals, safety, and sense of decency of the people;

4 (D) the applicant has developed an incapacity
5 that prevents or could prevent the applicant from conducting the
6 applicant's business with reasonable skill, competence, and safety
7 to the public;

8 (E) the applicant is not a United States citizen
9 or legal resident of the United States;

10 (F) the applicant was convicted of a felony
11 during the five years immediately preceding the filing of the
12 applicant's application;

13 (G) the applicant is not of good moral character
14 or the applicant's reputation for being a peaceable, law-abiding
15 citizen in the community where the applicant resides is bad;

16 (H) as to a corporation, it is not incorporated
17 under the laws of this state, or at least 51 percent of the
18 corporate stock is not owned at all times by persons who
19 individually are qualified to obtain a license;

20 (H) the applicant was convicted of a felony under
21 Chapter 481, Health and Safety Code, during the ten years
22 immediately preceding the filing of the applicant's application; or

23 (I) granting the license would result in
24 subterfuge ownership of the license or the licensed premises in
25 violation of Section 310.036.

26 (c) The commission shall deny an application for an original
27 hemp manufacturer's license or hemp retailer's license unless the

1 applicant for the license files with the application a certificate
2 issued by the comptroller of public accounts stating that the
3 applicant holds, or has applied for and satisfies all legal
4 requirements for the issuance of, a sales tax permit for the place
5 of business for which the license is sought.

6 (d) The commission shall deny for a period of one year an
7 application for a hemp retailer's license for a premises where a
8 license or permit issued under this code has been canceled during
9 the immediately preceding 12 months as a result of:

10 (1) a shooting, stabbing, or other violent act; or
11 (2) an offense involving drugs, prostitution, or
12 trafficking of persons.

13 (e) The commission shall deny an application for a license
14 of a person convicted of an offense under Section 101.76 for a
15 period of five years from the date of the conviction.

16 (f) The commission shall deny an application for an original
17 or renewal license if the commission has reasonable grounds to
18 believe and finds that, during the three years immediately
19 preceding the date the license application was filed, a license or
20 permit previously held under this code by the applicant, a person
21 who owns the premises for which the license is sought, or an officer
22 of a person who owns the premises for which the license is sought
23 was canceled or not renewed as a result of a shooting, stabbing, or
24 other violent act, or an offense involving drugs, prostitution, or
25 trafficking of persons.

26 Sec. 310.020. MANDATORY GROUNDS FOR DENIAL: HEMP
27 MANUFACTURERS. The commission shall deny an application for a hemp

manufacturer's license or an out-of-state hemp manufacturer's
license if the commission has reasonable grounds to believe, and
finds that the applicant has failed to state under oath, that it
will engage in the business of manufacturing consumable hemp
products within one year after the issuance of its original license
in sufficient quantities as to make its operation that of a bona
fide manufacturer. The license holder is ineligible to renew, and
the commission may cancel, its license if it ceases to be a bona
fide manufacturer.

Sec. 310.021. DISCRETIONARY GROUNDS FOR DENIAL. (a) In
this section, "applicant" includes, as of the date of the
application, each member of a partnership or association and, with
respect to a corporation, each officer and the owner or owners of a
majority of the corporate stock.

(b) The commission may deny an application for a license if
the commission has reasonable grounds to believe and finds that:

(1) the applicant has been convicted in a court of
competent jurisdiction for the violation of a provision of this
code during the two years immediately preceding the filing of an
application;

(2) the applicant has been convicted of a felony and
the termination of which, by pardon or otherwise, occurred during
the five-year period immediately preceding the filing of an
application;

(3) the applicant has violated or caused to be
violated a provision of this code or a rule adopted under this code
during the 12-month period immediately preceding the filing of an

1 application;

2 (4) the applicant failed to answer or falsely or
3 incorrectly answered a question in an original or renewal
4 application;

5 (5) before conducting any activity authorized by a
6 license issued under this code, the applicant does not have an
7 adequate building available at the address for which the license is
8 sought;

9 (6) the applicant or a person with whom the applicant
10 is residentially domiciled had an interest in a license or permit
11 issued under this code that was canceled or revoked within the
12 12-month period immediately preceding the filing of an application;

13 (7) the applicant will conduct business in a manner
14 contrary to law or in a place or manner conducive to a violation of
15 the law; or

16 (8) the place, building, or premises for which the
17 license is sought was used for selling consumable hemp products,
18 narcotic drugs, as defined by Section 481.002, Health and Safety
19 Code, or alcoholic beverages in violation of the law at any time
20 during the six months immediately preceding the filing of the
21 application or was used, operated, or frequented during that time
22 for a purpose or in a manner which was lewd, immoral, offensive to
23 public decency, or in violation of this code.

24 Sec. 310.022. GROUNDS FOR CANCELLATION OR SUSPENSION. (a)
25 The commission or administrator may suspend for not more than 60
26 days or cancel a license issued under this title if it is found,
27 after notice and hearing, that the license holder:

1 (1) violated a provision of this code or a rule adopted
2 under this title during the existence of the license sought to be
3 canceled or suspended or during the immediately preceding license
4 period;

5 (2) was finally for violating a penal provision of
6 this code;

7 (3) was finally of a felony while holding a license;

8 (4) made a false statement or a misrepresentation in
9 the license holder's application;

10 (5) sold, served, or delivered with criminal
11 negligence a consumable hemp product or hemp beverage to a minor;

12 (6) sold, served, or delivered a consumable hemp
13 product or hemp beverage to an intoxicated person;

14 (7) sold, served, or delivered a consumable hemp
15 product or hemp beverage at a time when its sale was prohibited;

16 (8) possessed on the licensed premises, or on adjacent
17 premises directly or indirectly under the license holder's control,
18 a consumable hemp product not authorized to be sold on the licensed
19 premises, or permitted an agent, servant, or employee to do so;

20 (9) employed a person under 21 years of age to sell,
21 handle, or dispense consumable hemp products, or to assist in doing
22 so, except as authorized under Sections 310.301 and 310.302;

23 (10) conspired with a person to violate Chapter 322;

24 (11) refused to allow or interfered with an inspection
25 or investigation of the licensed premises, vehicles, or records by
26 an authorized representative of the commission or a peace officer;

27 (12) permitted the use or display of the license

holder's license in the conduct of a business for the benefit of a person not authorized by law to have an interest in the license;

(13) conducted the license holder's business in a place or manner which warrants the cancellation or suspension of the license based on the general welfare, health, peace, morals, safety, and sense of decency of the people;

(14) consumed a consumable hemp product or permitted one to be consumed on the licensed premises, except as authorized by this code;

(15) purchased consumable hemp products for the purpose of resale from a person who is not authorized to sell the consumable hemp products for resale under this title;

(16) acquired a consumable hemp product for the purpose of resale from a hemp retailer;

(17) manufactured, processed, purchased, imported, exported, sold, offered for sale, distributed, or delivered a consumable hemp product while the license holder's license was under suspension;

(18) purchased, possessed, stored, imported, distributed, sold, or offered for sale consumable hemp products in or from an original package bearing a brand or trade name of a manufacturer other than the brand or trade name shown on the container;

(19) is insolvent or has developed an incapacity that prevents or could prevent the license holder from managing the license holder's establishment with reasonable skill, competence, and safety to the public;

1 (20) imported consumable hemp products into this state
2 in violation of this title;

3 (21) knowingly permitted a person who had an interest
4 in a license that was canceled for cause to sell, handle, or assist
5 in selling or handling consumable hemp products on the licensed
6 premises within one year after the cancellation;

7 (22) is residentially domiciled with or related to a
8 person whose license has been canceled within the preceding 12
9 months so that there is a community of interests that the commission
10 or administrator finds contrary to the purposes of this title;

11 (23) failed to promptly report to the commission a
12 breach of the peace occurring on the license holder's licensed
13 premises;

14 (24) often uses narcotic drugs, as that term is
15 defined by Section 481.002, Health and Safety Code, or uses
16 consumable hemp products or alcoholic beverages in excess;

17 (25) knowingly misrepresented to a customer or the
18 public any consumable hemp product sold by the license holder;

19 (26) was intoxicated on the premises;

20 (27) failed to comply with a requirement of the
21 commission relating to the keeping of records or making of reports;

22 (28) failed to pay any tax due to the state on any
23 consumable hemp products;

24 (29) no longer holds a sales tax permit, if required,
25 for the place of business covered by the license;

26 (30) is shown on the records of the comptroller of
27 public accounts as being subject to a final determination of taxes

due and payable under the Limited Sales, Excise and Use Tax Act
(Chapter 151, Tax Code), or is shown on the records of the
comptroller of public accounts as being subject to a final
determination of taxes due and payable under Chapter 321, Tax Code;
or

(31) gave a check, as maker or endorser, or a draft, as
drawer or endorser, as full or partial payment for consumable hemp
products that was not honored when presented for payment.

(b) The grounds listed by Subsection (a) apply to each
member of a partnership or association and, as to a corporation, to
the president, manager, and owner of the majority of the corporate
stock.

(c) The commission or administrator without a hearing may
for investigative purposes summarily suspend an off-premise hemp
retailer's license or on-premise hemp retailer's license for not
more than seven days if the commission or administrator finds that a
shooting, stabbing, or murder has occurred on the licensed premises
that is likely to result in a subsequent act of violence. Notice of
the order suspending the license shall be given to the license
holder personally within 24 hours of the time the violent act
occurs. If the license holder cannot be located, notice shall be
provided by posting a copy of the order on the front door of the
licensed premises.

(d) The length of a suspension must be appropriate for the
nature and seriousness of the violation. In determining the length
of a suspension, the commission or administrator shall consider:

(1) the type of license held;

1 (2) the type of violation;

2 (3) any aggravating or ameliorating circumstances
3 concerning the violation; and

4 (4) the license holder's previous violations.

5 Sec. 310.023. EMERGENCY ORDER SUSPENDING LICENSE. (a) If
6 the commission or administrator determines that the continued
7 operation of a business licensed under this title would constitute
8 a continuing threat to the public welfare, the commission or
9 administrator may issue an emergency order, without a hearing,
10 suspending the license for not more than 90 days.

11 (b) An order suspending a license under this section must
12 state the length of the suspension in the order.

13 (c) If an emergency order is issued without a hearing under
14 this section, the commission or administrator shall set the time
15 and place for a hearing to be conducted not later than the 10th day
16 after the date the order was issued. A hearing under this section
17 to affirm, modify, or set aside the emergency order shall be
18 conducted by the State Office of Administrative Hearings. The
19 order shall be affirmed if the administrative law judge determines
20 that reasonable cause existed to issue the order.

21 (d) The commission by rule may prescribe procedures for the
22 determination and appeal of an emergency order issued under this
23 section, including a rule allowing the commission to affirm,
24 modify, or set aside a decision made by the State Office of
25 Administrative Hearings under Subsection (c).

26 (e) A proceeding under this section is a contested case
27 under Chapter 2001, Government Code.

1 Sec. 310.024. CANCELLATION FOR IMPROPER DISPLAY OR USE OF
2 LICENSE. The commission or administrator shall cancel a license
3 issued under this title if it is found, after notice and hearing,
4 that the license holder was convicted of an offense under Section
5 101.76.

6 Sec. 310.025. CANCELLATION OF PERMIT OR LICENSE IN CERTAIN
7 MUNICIPALITIES. (a) The commission or administrator may cancel a
8 license issued under this title and the commission may deny an
9 application for any new license for the same premises for one year
10 after the date of cancellation if:

11 (1) the chief of police of the city or the sheriff of
12 the county in which the premises is located submits a sworn
13 statement to the commission stating:

14 (A) specific allegations that the place or manner
15 in which the license holder conducts its business endangers the
16 general welfare, health, peace, morals, or safety of the community;
17 and

18 (B) that there is a reasonable likelihood that
19 such conduct would continue at the same location under another
20 license holder; and

21 (2) the commission finds, after notice and hearing,
22 that:

23 (A) the place or manner in which the license
24 holder conducts its business does in fact endanger the general
25 welfare, health, peace, morals, or safety of the community; and

26 (B) there is a reasonable likelihood that such
27 conduct would continue at the same location under another license

1 holder.

2 (b) A hearing under this section shall be conducted by the
3 State Office of Administrative Hearings.

4 Sec. 310.026. SUSPENSION INSTEAD OF CANCELLATION. When a
5 cause for the cancellation of a license is prescribed by this title,
6 the commission or administrator has the discretionary authority to
7 suspend the license for not more than 60 days rather than to cancel
8 the license.

9 Sec. 310.027. ALTERNATIVES TO SUSPENSION OR CANCELLATION.

10 (a) When the commission or administrator is authorized to suspend a
11 license under this title, the commission or administrator, in its
12 discretion, may give the license holder the opportunity to pay a
13 civil penalty rather than have the license suspended.

14 (b) In determining whether to give a license holder the
15 opportunity to pay a civil penalty under this section, the
16 commission or administrator shall consider:

17 (1) the type of license held;
18 (2) the type of violation;
19 (3) any aggravating or ameliorating circumstances
20 concerning the violation; and

21 (4) any past violations of this code by the license
22 holder.

23 (c) The commission or administrator shall determine the
24 amount of the penalty, which may not be less than \$150 or more than
25 \$25,000 for each day the license was to have been suspended.

26 (d) If the license holder does not pay the penalty before
27 the sixth day after the commission or administrator notifies the

1 license holder of the amount, the commission or administrator shall
2 impose the suspension.

3 (e) In the case of a violation of this code by a license
4 holder, the commission or administrator may relax any provision of
5 this title relating to the suspension or cancellation of the
6 license and assess a sanction the commission or administrator finds
7 just under the circumstances, and the commission or administrator
8 may reinstate the license or permit at any time during the period of
9 suspension on payment by the license holder of a fee of not less
10 than \$75 nor more than \$500, if the commission or administrator
11 finds that any of the following circumstances exists:

12 (1) that the violation could not reasonably have been
13 prevented by the license holder by the exercise of due diligence;

14 (2) that the license holder was entrapped;

15 (3) that an agent, servant, or employee of the license
16 holder violated this code without the knowledge of the license
17 holder;

18 (4) that the license holder did not knowingly violate
19 this code;

20 (5) that the license holder has demonstrated good
21 faith, including the taking of actions to rectify the consequences
22 of the violation and to deter future violations; or

23 (6) that the violation was a technical one.

24 (f) The amount of a civil penalty under this section must be
25 appropriate for the nature and seriousness of the violation. In
26 determining the amount of the civil penalty, the commission or
27 administrator shall consider:

1 (1) the type of license held;
2 (2) the type of violation;
3 (3) any aggravating or ameliorating circumstances
4 concerning the violation, including those enumerated in Subsection
5 (b);

6 (4) the license holder's previous violations; and

7 (5) if the commission or administrator determines the
8 license holder has previously violated this code, whether the
9 license holder profited from the violation, and if so the amount of
10 the license holder's profit.

11 (g) Any fees and civil penalties received by the commission
12 or administrator under this section shall be deposited in the fund
13 established under Section 202.016.

14 Sec. 310.028. CERTAIN ACTS ALSO VIOLATIONS OF CODE. Any act
15 or omission which is a ground for cancellation or suspension of a
16 license under this title is also a violation of this code,
17 punishable as provided by Section 1.05, except that the penalty for
18 making a false statement in an application for a license or in a
19 statement, report, or other instrument to be filed with the
20 commission is provided by Section 101.69 of this code.

21 Sec. 310.029. VIOLATOR NOT EXCUSED BY CANCELLATION OR
22 SUSPENSION. The cancellation or suspension of a license does not
23 excuse the violator from the penalties provided in this code.

24 Sec. 310.030. HEARING FOR CANCELLATION OR SUSPENSION OF
25 LICENSE. The commission or administrator, on the motion of either,
26 may set a date for a hearing to determine if a license should be
27 canceled or suspended. The commission or administrator shall

1 notify the license holder of the hearing and of its right to appear
2 and show cause why the license should not be canceled or suspended.

3 Sec. 310.031. APPEAL FROM CANCELLATION OR SUSPENSION OF
4 LICENSE. Sections 11.67(a) and (b) apply to an appeal from a
5 decision or order of the commission or administrator canceling or
6 suspending a license.

7 Sec. 310.032. MAY NOT RESTRAIN SUSPENSION ORDER. A suit of
8 any nature may not be maintained in a court of this state to
9 restrain the commission or administrator or any other officer from
10 enforcing an order of suspension issued by the commission or
11 administrator.

12 Sec. 310.033. CANCELLATION OR SUSPENSION: WHEN EFFECTIVE.
13 The manner in which the cancellation or suspension of a license
14 takes effect is governed by Section 11.65.

15 Sec. 310.034. ACTIVITIES PROHIBITED DURING CANCELLATION OR
16 SUSPENSION. (a) A person whose license is canceled may not test,
17 manufacture, process, distribute, import, store, sell, or offer for
18 sale consumable hemp products for a period of one year immediately
19 following the cancellation, unless the order of cancellation is
20 superseded pending trial or unless the person prevails in a final
21 judgment rendered on an appeal prosecuted in accordance with this
22 code.

23 (b) A person may not test, manufacture, process,
24 distribute, import, store, sell, or offer for sale a consumable
25 hemp product which the person was authorized to sell under a license
26 after the license has been suspended. If it is established to the
27 satisfaction of the commission or administrator at a hearing that a

1 consumable hemp product was tested, manufactured, processed,
2 distributed, imported, stored, sold, or offered for sale during a
3 period of suspension, the commission or administrator may cancel
4 the license.

5 Sec. 310.035. MULTIPLE LICENSES. (a) Subject to
6 Subsections (b), (c), (d), and (e), a person may hold more than one
7 license type under this chapter.

8 (b) A person who holds a hemp manufacturer's license may not
9 hold:

10 (1) a hemp distributor's license; or

11 (2) a hemp carrier's license.

12 (c) A person who holds a distributors license may not hold:

13 (1) an on-premise hemp retailer's license;

14 (2) an off-premise hemp retailer's license; or

15 (3) a hemp manufacturer's license.

16 (d) A person who holds an on-premise hemp retailer's license
17 may not hold an off-premise hemp retailer's license.

18 (e) A person may not hold more than a total of five hemp
19 retailer's licenses.

20 Sec. 310.036. SUBTERFUGE OWNERSHIP. (a) Subterfuge
21 ownership of a license or the licensed premises is prohibited.

22 (b) The commission or administrator may permanently suspend
23 a license issued under this title if it is found, after notice and
24 hearing, that the license holder violated Subsection (a).

25 (c) In this section, "subterfuge" means any act, device,
26 scheme, or arrangement intended to evade or conceal the true
27 ownership or control of a license or licensed premises.

SUBCHAPTER B. MANUFACTURING

Sec. 310.101. HEMP MANUFACTURER'S LICENSE. (a) The holder of a hemp manufacturer's license may:

(1) receive and process at the licensed premises natural hemp flower or hemp biomass from a hemp grower licensed under Section 122.101, Agriculture Code, or a hemp grower licensed under another state's laws;

(2) manufacture consumable hemp products in this state at the licensed premises;

(3) solicit and take orders from a holder of a hemp manufacturer's license or out-of-state hemp manufacturer's license for the sale of works in progress;

(4) label and package the license holder's finished consumable hemp products; and

(5) sell the finished consumable hemp products in this state to holders of hemp distributor's licenses, hemp retailers, and qualified persons outside the state.

(b) The holder of a hemp manufacturer's license may ship consumable hemp products using a licensed hemp carrier or the United States Postal Service, or personally transport consumable hemp products, if the shipping or transportation is for a lawful purpose, from the manufacturer's licensed premises or authorized place of storage to:

(1) the licensed premises of a licensed purchaser; and

(2) an ultimate consumer, as provided by Subsection (a)(7); and

(3) lawful destinations outside this state for

delivery to qualified purchasers or recipients.

(c) Delivery to an ultimate consumer under Subsection (a)(7) may also be by the holder of a hemp consumer delivery license.

(d) The holder of a hemp manufacturer's license personally transporting consumable hemp products under this section shall provide to the commission:

(1) a full description of each motor vehicle used by the license holder for transporting consumable hemp products; and

(2) any other information the commission requires.

(e) The holder of a hemp manufacturer's license may personally transport consumable hemp products only in a vehicle that is:

(1) described by Subsection (d);

(2) owned or leased in good faith by the license holder or by the license holder's agent; and

(3) printed or painted with the manufacturer's discrete mark or brand and the manufacturer's license number as required for the holder of a hemp distributor's license under Section 310.204.

(f) The holder of a hemp manufacturer's license may store consumable hemp products:

(1) on the license holder's premises; or

(2) inside the county in which the license holder's business is located in a:

(A) public bonded warehouse registered with the commission; or

1 (B) private warehouse that is:

2 (i) operated and either owned or leased by
3 the license holder; and

4 (ii) registered with the commission.

5 (g) The privileges granted to a holder of a hemp
6 manufacturer's license are confined strictly to consumable hemp
7 products manufactured under the manufacturer's license.

8 (h) A holder of a hemp manufacturer's license may not
9 knowingly use or employ any person under 21 years of age to work on
10 the license holder's premises in any capacity.

11 (i) The authority of a holder of a hemp manufacturer's
12 license to sell finished consumable hemp products to ultimate
13 consumers at the manufacturer's licensed premises under Subsection
14 (a)(6) is automatically revoked if the property on which the
15 manufacturer's premises is located is in a territory that votes to
16 prohibit the sale of consumable hemp products under Section 251.84.

17 (j) The transportation or shipment of consumable hemp
18 products across state lines into foreign jurisdictions must be done
19 in a manner that is consistent with federal law and the laws of
20 those foreign jurisdictions.

21 (k) The transportation of natural hemp flower or hemp
22 biomass from a licensed hemp grower to a licensed hemp manufacturer
23 under Subsection (a)(1) must comply with Chapter 122, Agriculture
24 Code, and any applicable rules adopted by the Department of
25 Agriculture.

26 (l) A holder of a hemp manufacturer's license shall label
27 each batch to include:

1 (1) the manufacturer's license number; and

2 (2) a sequence to allow for inventory, traceability,
3 and identification of the plant or extract batches used in the
4 production of products.

5 Sec. 310.102. OUT-OF-STATE HEMP MANUFACTURER'S LICENSE.

6 (a) The holder of an out-of-state hemp manufacturer's license may:

7 (1) solicit and take orders for finished consumable
8 hemp products from holders of a hemp distributor's license, hemp
9 retailers, and ultimate consumers;

10 (2) solicit and take orders for works in progress from
11 a holder of a hemp manufacturer's license or another out-of-state
12 hemp manufacturer; and

13 (3) sell and ship consumable hemp products into this
14 state, or cause them to be shipped into this state, in consummation
15 of sales made to a holder of a hemp manufacturer's license, the
16 holder of a hemp distributor's license, and the holder of a hemp
17 retailer's license; and

18 (4) sell and ship finished consumable hemp products to
19 ultimate consumers in this state, but not for resale purposes.

20 (b) The holder of an out-of-state hemp manufacturer's
21 license may ship consumable hemp products using a licensed hemp
22 carrier or the United States Postal Service if the shipping is for a
23 lawful purpose, from the out-of-state manufacturer's licensed
24 premises to:

25 (1) the licensed premises of a licensed purchaser
26 described by paragraph (a)(3); and

27 (2) ultimate consumers, as provided by Subsection

1 (a)(4).

2 (c) The privileges granted to a holder of an out-of-state
3 hemp manufacturer's license are confined strictly to consumable
4 hemp products actually manufactured by the license holder.

5 (d) A holder of an out-of-state hemp manufacturer's license
6 shall label each batch to include:

7 (1) the manufacturer's license number; and

8 (2) a sequence to allow for inventory, traceability,
9 and identification of the plant or extract batches used in the
10 production of products.

11 Sec. 310.103. WORK IN PROGRESS. (a) A manufacturer
12 licensed under this subchapter may derive a work in progress only
13 from natural hemp flower or hemp biomass based on sampling that was
14 collected not more than 30 days before the day on which the cannabis
15 plant was harvested.

16 (b) A work in progress must be securely kept on the premises
17 of a manufacturer licensed under this subchapter and may only be
18 transferred to another licensed manufacturer for use as an
19 ingredient for the processing of a consumable hemp product.

20 (c) A manufacturer licensed under this subchapter
21 transporting a work in progress must provide with the work in
22 progress the sending manufacturer's license number and the license
23 number of the receiving manufacturer. Manufacturers must keep a
24 log of any such shipments with the date, time, volume, and batch of
25 the work in progress. The log entry must be signed by the
26 individuals who authorized the shipment and accompanied the
27 shipment.

1 Sec. 310.104. SELF-AUDITS. (a) At least once every
2 calendar quarter, a person licensed under this subchapter shall
3 conduct a self-audit of inventory creation, tracking, and sales and
4 maintain the resulting data in the form and for the duration
5 required by the commission.

6 (b) The license holder shall provide the data to the
7 commission on request.

8 (c) This data qualifies as a private record under Section
9 [5.48](#).

10 Sec. 310.105. GOOD MANUFACTURING PRACTICES. A holder of a
11 license issued under this subchapter shall follow current good
12 manufacturing practices, as defined by commission rule.

13 Sec. 310.106. PURCHASE, SALE, AND TRANSPORTATION OF NATURAL
14 HEMP FLOWER. For the purposes of this subchapter, a holder of a
15 hemp manufacturer's license or an out-of-state hemp manufacturer's
16 license may purchase, sell, and transport natural hemp flower
17 between the manufacturer and the holder of a hemp distributor's
18 license, and another licensed hemp manufacturer in the same manner
19 in which the manufacturer may purchase, sell, and transport
20 consumable hemp products to such license holders under this
21 subchapter.

22 Sec. 310.107. ELECTRONIC VERIFICATION OF CONSUMER'S
23 IDENTIFICATION. (a) A holder of a hemp manufacturer's license or
24 out-of-state hemp manufacturer's license that sells or delivers
25 consumable hemp products to an ultimate consumer shall, before
26 initiating the sale and delivering the product, verify that the
27 purchaser is 21 years of age or older by:

1 (1) personally inspecting the provided proof of
2 identification and scanning the provided proof of identification
3 with a device capable of deciphering electronically readable
4 information on a driver's license, commercial driver's license, or
5 identification certificate using identification authentication
6 software approved by the Department of Public Safety; or

7 (2) using any other identification security features
8 the commission determines appropriate.

9 (b) A proof of identification provided by a purchaser or
10 recipient under Subsection (a) must contain a physical description
11 and photograph consistent with the person's appearance, purport to
12 establish that the person is 21 years of age or older, and have been
13 issued by a governmental agency. The proof of identification may
14 include a driver's license or identification certificate issued by
15 the Department of Public Safety, a passport, or a military
16 identification card.

17 (c) A holder of a hemp manufacturer's license or
18 out-of-state hemp manufacturer's license, or the license holder's
19 agent, servant, or employee may not sell a consumable hemp product
20 to a purchaser unless the person presents an apparently valid,
21 unexpired proof of identification.

22 SUBCHAPTER C. DISTRIBUTION

23 Sec. 310.201. HEMP DISTRIBUTOR'S LICENSE. (a) The holder
24 of a hemp distributor's license may:

25 (1) purchase and import consumable hemp products from
26 holders of out-of-state hemp manufacturer's licenses;

27 (2) purchase consumable hemp products from holders of

1 hemp manufacturer's licenses;

2 (3) purchase consumable hemp products from other
3 licensed hemp distributors in this state;

4 (4) sell consumable hemp products in the original
5 containers and packages in which the products are received to
6 licensed hemp distributors and hemp retailers in this state; and

7 (5) sell consumable hemp products to qualified persons
8 outside this state.

9 (b) The holder of a hemp distributor's license may ship
10 consumable hemp products using a licensed hemp carrier or the
11 United States Postal Service, or personally transport consumable
12 hemp products, for a lawful purpose:

13 (1) from the seller's licensed premises to the
14 distributor's licensed premises or authorized place of storage;

15 (2) from the distributor's licensed premises or
16 authorized place of storage to a purchaser's licensed premises or
17 authorized place of storage;

18 (3) from the distributor's licensed premises or
19 authorized place of storage to ultimate consumers; and

20 (4) from the distributor's licensed premises or
21 authorized place of storage to lawful destinations outside this
22 state for delivery to qualified purchasers or recipients.

23 (c) The holder of a hemp distributor's license personally
24 transporting consumable hemp products under this section shall
25 provide to the commission:

26 (1) a full description of each motor vehicle used by
27 the license holder for transporting consumable hemp products; and

1 (2) any other information the commission requires.

2 (d) The holder of a hemp distributor's license may
3 personally transport consumable hemp products only in a vehicle
4 that is:

5 (1) described by Subsection (c);

6 (2) owned or leased in good faith by the license holder
7 or by the license holder's agent; and

8 (3) printed or painted in accordance with Section
9 310.203.

10 (e) The holder of a hemp distributor's license may store
11 consumable hemp products:

12 (1) on the license holder's premises; or

13 (2) inside the county in which the license holder's
14 business is located in a:

15 (A) public bonded warehouse registered with the
16 commission; or

17 (B) private warehouse that is:

18 (i) operated and either owned or leased by
19 the license holder; and

20 (ii) registered with the commission.

21 (f) A hemp distributor's license holder may not knowingly
22 use or employ any person under 21 years of age to work on the license
23 holder's premises in any capacity.

24 (g) The transportation or shipment of consumable hemp
25 products across state lines into foreign jurisdictions must be done
26 in a manner that is consistent with federal law and the laws of
27 those foreign jurisdictions.

1 Sec. 310.202. TRACKING. Each vehicle used by a holder of a
2 hemp distributor's license must be equipped with a global
3 positioning system tracking device. The commission shall by rule
4 determine the length of time tracking data must be recorded and
5 stored.

6 Sec. 310.203. VEHICLE MARKINGS. All vehicles used by a
7 holder of a hemp distributor's license to transport consumable hemp
8 products must display the distributor's discrete mark or brand and
9 must have the holder's license number visible on the exterior.

10 Sec. 310.204. PURCHASE, SALE, AND TRANSPORTATION OF NATURAL
11 HEMP FLOWER. For the purposes of this subchapter, a holder of a
12 hemp distributor's license may purchase, sell, and transport
13 natural hemp flower between the distributor and the holder of a hemp
14 manufacturer's license, the holder of an out-of-state hemp
15 manufacturer's license, and another hemp distributor in the same
16 manner in which the distributor may purchase, sell, and transport
17 consumable hemp products to those license holders under this
18 subchapter.

19 Sec. 310.205. ELECTRONIC VERIFICATION OF CONSUMER'S
20 IDENTIFICATION. (a) A holder of a hemp distributor's license that
21 sells or delivers consumable hemp products to an ultimate consumer
22 shall, before initiating the sale and delivering the product,
23 verify that the purchaser is 21 years of age or older by:

24 (1) personally inspecting the provided proof of
25 identification and scanning the provided proof of identification
26 with a device capable of deciphering electronically readable
27 information on a driver's license, commercial driver's license, or

identification certificate using identification authentication software approved by the Department of Public Safety; or

(2) using any other identification security features the commission determines appropriate.

(b) A proof of identification provided by a purchaser or recipient under Subsection (a) must contain a physical description and photograph consistent with the person's appearance, purport to establish that the person is 21 years of age or older, and have been issued by a governmental agency. The proof of identification may include a driver's license or identification certificate issued by the Department of Public Safety, a passport, or a military identification card.

(c) A holder of a hemp distributor's license, or the license holder's agent, servant, or employee may not sell a consumable hemp product to a purchaser unless the person presents an apparently valid, unexpired proof of identification.

SUBCHAPTER D. RETAIL SALE OF HEMP

Sec. 310.301. GENERAL HEMP RETAILER PROVISIONS. (a) Except as otherwise provided by this chapter, only a licensed hemp retailer may sell consumable hemp products at retail.

(b) A hemp retailer's location must be at a fixed location and may not be in a vehicle or otherwise mobile.

(c) A hemp retailer may not:

(1) permit a person under the age of 21 to enter or remain on the premises; or

(2) sell or offer for sale any consumable hemp product or hemp beverage:

1 (A) on New Year's Day, Thanksgiving Day, or
2 Christmas Day;

3 (B) on Sunday; or

4 (C) before 10 a.m. or after 9 p.m. on any other
5 day;

6 (3) deliver any consumable hemp product or hemp
7 beverage to an ultimate consumer; or

8 (4) allow the on-premise consumption of any alcoholic
9 beverage, other than a hemp beverage;

10 (5) sell a consumable hemp product to a purchaser
11 unless the purchaser presents an apparently valid, unexpired proof
12 of identification; or

13 (6) provide a consumable hemp product to any person
14 without receiving monetary consideration in a completed retail
15 transaction.

16 (d) Except as provided by Subsection (c), a hemp retailer:

17 (1) may sell:

18 (A) consumable hemp products;

19 (B) if the retailer holds a hemp beverage permit,
20 hemp beverages; and

21 (C) other products that do not contain
22 cannabinoids; and

23 (2) may not sell:

24 (A) tobacco and nicotine products, alcoholic
25 beverages, or natural hemp flower; or

26 (B) a hemp product or hemp beverage that is
27 derived from hemp grown or harvested outside of the United States.

1 (e) For the purposes of Subsection (d), the term alcoholic
2 beverages does not include hemp beverages.

3 Sec. 310.302. OFF-PREMISE HEMP RETAILER'S LICENSE. (a)
4 The holder of an off-premise hemp retailer's license may:

5 (1) purchase finished consumable hemp products in this
6 state from the holder of a hemp manufacturer's, out-of-state hemp
7 manufacturer's, or hemp distributor's license;

8 (2) purchase hemp beverages from persons authorized to
9 manufacture and distribute hemp beverages under this code;

10 (3) sell finished consumable hemp products, and hemp
11 beverages in unbroken original containers and packages on or from
12 the holder's licensed premises at retail to ultimate consumers for
13 off-premise consumption only and not for the purpose of resale; and

14 (4) sell finished consumable hemp products, and hemp
15 beverages to ultimate consumers off the licensed premises, but not
16 for resale purposes.

17 (b) Except as otherwise prohibited by law, the holder of an
18 off-premise hemp retailer's license may ship consumable hemp
19 products, and hemp beverages using a licensed hemp carrier or the
20 United States Postal Service or personally transport those items,
21 if the shipping or transportation is for a lawful purpose.

22 (c) The holder of an off-premise hemp retailer's license
23 personally transporting consumable hemp products or hemp beverages
24 under this section shall provide to the commission:

25 (1) a full description of each motor vehicle used by
26 the license holder for transporting those items; and

27 (2) any other information the commission requires.

1 (d) The holder of an off-premise hemp retailer's license may
2 transport consumable hemp products and hemp beverages only in a
3 vehicle that is:

4 (1) described by Subsection (c);

5 (2) owned or leased in good faith by the license holder
6 or by the license holder's agent; and

7 (3) printed or painted with the retailer's discrete
8 mark or brand and the retailer's license number as required for the
9 holder of a hemp distributor's license under Section 310.203.

10 (e) A person may not hold or have an interest, directly or
11 indirectly, in more than 5 hemp retailer stores or in their business
12 or license.

13 (f) For the purpose of Subsection (e):

14 (1) a person has an interest in any license in which
15 the person's spouse has an interest; and

16 (2) as to a corporate license holder, the
17 stockholders, managers, officers, agents, servants, and employees
18 of the corporation have an interest in the license, business, and
19 hemp retailer stores of the corporation.

20 (g) An off-premise hemp retailer's license may not be owned
21 or held by:

22 (1) a public corporation;

23 (2) any entity that is directly or indirectly owned or
24 controlled, wholly or partly, by a public corporation;

25 (3) any entity that would hold the license for the
26 benefit of a public corporation; or

27 (4) any entity that holds a hemp manufacturer's or

distributor's license.

(h) For purposes of Subsection (g), a public corporation means:

(1) any corporation or other legal entity whose shares or other evidence of ownership are listed on a public stock exchange; or

(2) any corporation or other legal entity in which more than 35 persons hold an ownership interest in the entity.

(i) Before the commission may renew an off-premise hemp retailer's license, an individual who is an owner or officer of the license holder must file with the commission a sworn affidavit stating that the license holder fully complies with the requirements of Subsection (g).

(j) Any off-premise hemp retailer's license holder who is injured in its business or property by another hemp retailer or by any other person by reason of anything prohibited in Subsection (g) may institute suit in any district court in the county where the violation is alleged to have occurred to require enforcement by injunctive procedures and to recover triple damages plus costs of suit, including reasonable attorney's fees.

(k) An off-premise hemp retailer's license holder may not knowingly use or employ any person under 21 years of age to work on the premises of the retailer in any capacity.

(l) An off-premise hemp retailer business may operate only during the hours in which a person may sell malt beverages under Section 105.05.

Sec. 310.303. ON-PREMISE HEMP RETAILER'S LICENSE. (a) The

1 holder of an on-premise hemp retailer's license may engage in the
2 same activities as the holder of an off-premise hemp retailer's
3 license.

4 (b) In addition to the activities authorized under
5 Subsection (a), an on-premise hemp retailer's license holder may
6 sell consumable hemp products unbroken original containers and
7 packages on or from the holder's licensed premises at retail to
8 ultimate consumers for on- or off-premise consumption and not for
9 the purpose of resale.

10 (c) If an on-premise hemp retailer's license holder also
11 obtains a hemp beverage permit, the license holder may serve, mix,
12 and pour hemp beverages for on-premises consumption provided that
13 the consumer may not be served more than 12 milligrams of total
14 tetrahydrocannabinol content within a 24-hour period.

15 Sec. 310.304. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS
16 TRAINING PROGRAM. (a) The commission by rule shall develop a
17 training program on:

18 (1) the requirements and responsibilities provided by
19 law for persons authorized to sell consumable hemp products at
20 retail; and

21 (2) the nature and risks associated with the
22 consumption of consumable hemp products.

23 (b) The commission may develop the training program in
24 conjunction with the training program required under Section 59.09.

25 (c) A license holder authorized to sell consumable hemp
26 products at retail under this subchapter, and the holder's agents,
27 servants, and employees that engage in such sales, shall annually

1 complete the training program developed by the commission under
2 Subsection (a).

3 (d) If a license holder authorized to sell consumable hemp
4 products at retail is not an individual, an officer, director, or
5 other individual with senior management responsibilities shall
6 annually complete the training program developed under Subsection
7 (a) on behalf of the license holder.

8 (e) The training program developed under this section is not
9 a seller training program for purposes of Section 106.14.

10 Sec. 310.305. SALES NEAR CERTAIN LOCATIONS. (a)
11 Notwithstanding any other law, the retail sale of consumable hemp
12 products is prohibited within 1,000 feet of a school, church,
13 public playground, day-care center, child-care center, homeless
14 shelter, or substance abuse treatment center.

15 (b) The measurement of the distance between the place of
16 business where consumable hemp products are sold and the school,
17 church, playground, center, or shelter shall be in a direct line
18 from the property line of the school, church, playground, center,
19 or shelter to the property line of the place of business, and in a
20 direct line across intersections.

21 Sec. 310.306. VIDEO SURVEILLANCE. (a) A license holder
22 authorized to sell consumable hemp products at retail under this
23 subchapter shall install a fully operational video surveillance and
24 camera recording system on the licensed premises. The system must
25 capture video of the portion of the premises accessible to the
26 public, including the checkout area but excluding any restroom.

27 (b) A license holder shall make available on request any

1 video recordings captured by the system to the commission or a law
2 enforcement agency with jurisdiction over the license holder or
3 premises.

4 (c) Video recordings under this section are private records
5 under Section 5.48.

6 (d) The commission shall adopt rules establishing standards
7 and requirements for the video surveillance and camera recording
8 system and retention requirements for video footage captured on the
9 system.

10 Sec. 310.307. ELECTRONIC VERIFICATION OF CONSUMER'S
11 IDENTIFICATION. (a) A holder of a hemp retailer's license
12 authorized to sell or serve consumable hemp products, or hemp
13 beverages to an ultimate consumer, or the license holder's agent,
14 servant, or employee shall, before initiating the sale, verify that
15 the purchaser is 21 years of age or older.

16 (b) A person shall verify a purchaser's or recipient's age
17 under Subsection (a) by:

18 (1) personally inspecting the provided proof of
19 identification and scanning the provided proof of identification
20 with a device capable of deciphering electronically readable
21 information on a driver's license, commercial driver's license, or
22 identification certificate using identification authentication
23 software approved by the Department of Public Safety; or

24 (2) using any other identification security features
25 the commission determines appropriate.

26 (c) A proof of identification provided by a purchaser or
27 recipient under this section must contain a physical description

and photograph consistent with the person's appearance, purport to establish that the person is 21 years of age or older, and have been issued by a governmental agency. The proof of identification may include a driver's license or identification certificate issued by the Department of Public Safety, a passport, or a military identification card.

(d) A holder of a hemp retailer's license, or the license holder's agent, servant, or employee, may not sell, serve, or deliver a consumable hemp product to a purchaser or recipient unless the person presents an apparently valid, unexpired proof of identification.

Sec. 310.308. SELF-AUDITS. At least once every calendar quarter, a hemp retailer shall conduct a self-audit of inventory tracking and sales data and maintain the resulting data in the form required and for the duration required by the commission. The license holder shall provide the data to the commission on request. This data qualifies as a private record under Section 5.48.

Sec. 310.309. AGE REQUIREMENTS. A person under 21 years of age may not be permitted to enter or remain on the licensed premises of a hemp retailer.

SUBCHAPTER E. HEMP CARRIER LICENSE

Sec. 310.401. HEMP CARRIER LICENSE. (a) The holder of a hemp carrier license may transport consumable hemp products into and out of this state and between points within this state.

(b) The license holder may continuously transport consumable hemp products from one wet area to another wet area across a dry area if that course of transportation is necessary or

1 convenient.

2 (c) The holder of a hemp carrier license who transports
3 consumable hemp products to the premises of a holder of a hemp
4 manufacturer's license or hemp distributor's license, or the
5 license holder's authorized place of storage, shall provide to the
6 consignee a shipping invoice that clearly states:

7 (1) the name and address of the consignor and
8 consignee;

9 (2) the origin and destination of the shipment; and

10 (3) any other information required by this code or
11 commission rule, including the brands of consumable hemp products,
12 sizes of containers, types of consumable hemp products, and
13 quantities of consumable hemp products contained in the shipment.

14 (d) A hemp carrier license may be issued to:

15 (1) a water carrier;

16 (2) an airline;

17 (3) a railway;

18 (4) a motor carrier registered under Chapter 643,
19 Transportation Code; or

20 (5) a common carrier operating under a certificate
21 issued by the Interstate Commerce Commission.

22 (e) The holder of a hemp carrier license shall furnish
23 information required by the commission concerning the
24 transportation of consumable hemp products.

25 SUBTITLE C. CONSUMABLE HEMP PRODUCTS AND HEMP FLOWER

26 CHAPTER 320. CONSUMABLE HEMP PRODUCT REQUIREMENTS

27 Sec. 320.001. DOMESTIC SOURCING. All ingredients for a

1 consumable hemp product must originate from within the United
2 States unless the commission specifically approves an ingredient
3 originating from another location.

4 Sec. 320.002. INGREDIENTS OF CONSUMABLE HEMP PRODUCT. (a)
5 Each ingredient in a consumable hemp product must be organic and may
6 not include genetically modified organisms unless the commission
7 specifically approves the ingredient.

8 (b) An ingredient in a consumable hemp product may not
9 include an artificial dye or other artificial product unless the
10 commission specifically approves the ingredient.

11 Sec. 320.003. CONVERTED OR SYNTHETIC CANNABINOIDS
12 PROHIBITED. A consumable hemp product may not contain any
13 converted or synthetic cannabinoids. A consumable hemp product may
14 contain only cannabinoids that are hemp derived cannabinoids.

15 Sec. 320.004. PROHIBITED FORMS OF CONSUMABLE HEMP PRODUCTS.
16 (a) Except as provided by Subsection (b), a consumable hemp product
17 may not resemble common snacks such as chips, candy, chewing gum, or
18 other products designed to be attractive to minors.

19 (b) A consumable hemp product may be in the form of gummies,
20 pills, or mints, provided that the form of the item and packaging
21 are not attractive to minors and comply with Sections 322.001 and
22 322.002.

23 (c) A consumable hemp product may not be in a form intended
24 for inhaling by heating the product, including as a hemp-infused
25 oil.

26 Sec. 320.005. CANNABINOID LIMITS FOR CONSUMABLE HEMP
27 PRODUCTS. (a) A consumable hemp product that is an oil-based

tincture may not contain more than, subject to allowable variance rates and the measure of uncertainty:

(1) 2.5 milligrams of tetrahydrocannabinol in each one-milliliter serving;

(2) 50 milligrams of cannabinoids, other than tetrahydrocannabinol, in each one-milliliter serving;

(b) A consumable hemp product other than an oil-based tincture may not contain more than, subject to allowable variance rates and the measure of uncertainty:

(1) 2.5 milligrams of tetrahydrocannabinol in each serving;

(2) 50 milligrams of cannabinoids, other than tetrahydrocannabinol, in each serving;

(C) Notwithstanding Subsection (a) or (b), a consumable hemp product must contain at least 15 milligrams of cannabinoids, other than tetrahydrocannabinol, for every 1 milligram of tetrahydrocannabinol.

Sec. 320.006. CONSUMABLE HEMP PRODUCT REGISTRATION. (a) A consumable hemp product may not be offered for sale in this state unless the manufacturer of the product, before selling the product:

(1) submits an application for the consumable hemp product to be registered with the commission that includes front and back pictures of the product; and

(2) receives approval from the commission that the product is compliant with this chapter, registered, and approved for sale in this state.

(b) The commission shall issue a unique product

1 registration number to each consumable hemp product approved by and
2 registered with the commission.

3 (c) A manufacturer applying to register a consumable hemp
4 product under this section shall pay an application fee to the
5 commission in the amount of \$100 for each consumable hemp product
6 the manufacturer seeks to register.

7 (d) The commission may not approve for sale or register a
8 consumable hemp product that:

9 (1) contains any cannabinoid other than a hemp-derived
10 cannabinoid;

11 (2) contains or is mixed with alcohol, tobacco,
12 nicotine, kratom, kava, psychoactive mushrooms, or a derivative of
13 any of those items; or

14 (3) is derived from hemp grown or harvested outside of
15 the United States.

16 (e) The commission may adopt rules for the submission of and
17 requirements for an application for registration under this
18 section.

19 Sec. 320.007. REGISTERED PRODUCT WEBSITE. The commission
20 shall maintain an updated product registration list on the
21 commission's public Internet website, which must include front and
22 back identifying pictures of each registered consumable hemp
23 product for the purpose of confirming registration of the product
24 and allowing verification of the product by law enforcement.

25 CHAPTER 321. NATURAL HEMP FLOWER REQUIREMENTS

26 Sec. 321.001. ADDITIVES PROHIBITED. A grower or
27 manufacturer may not add any ingredient to natural hemp flower.

CHAPTER 322. PACKAGING, LABELING, AND ADVERTISING OF CONSUMABLE

HEMP PRODUCTS

Sec. 322.001. LABELING REQUIREMENTS. (a) Before a consumable hemp product that contains or is marketed as containing more than trace amounts of cannabinoids may be distributed or sold, the product must be labeled in the manner provided by this section with the following information:

(1) the common name of the product, stated clearly, prominently, and truthfully;

(2) the product ingredients;

(3) any relevant major food allergens identified in the federal Food and Drug Act;

(4) the batch identification number;

(5) the batch date;

(6) the product name;

(7) a uniform resource locator that provides or links to a certificate of analysis for the product;

(8) the name and commission license number of the product's manufacturer;

(9) a certification that the tetrahydrocannabinol content of the product complies with state law;

(10) the identity, concentration, and amount, including total and per serving, of each hemp-derived cannabinoid in the product; and

(11) if the product contains tetrahydrocannabinols, a tetrahydrocannabinol warning icon and statement adopted by the commission.

1 (b) Each consumable hemp product, including the container
2 and package, if applicable, must be labeled with:

3 (1) a QR code that links to the commission's product
4 registration list under Section 320.007, including the identifying
5 pictures of the back and front of the product; and

6 (2) the following message placed adjacent to the
7 required QR code on the label: "SCAN QR CODE BEFORE PURCHASE".

8 (c) The labeling required under this section must appear on
9 each unit of the product intended for individual retail sale. If
10 that unit includes inner and outer packaging, the labeling must
11 appear on both the inner and outer package.

12 (d) Packaging for a consumable hemp product must be tamper
13 evident and child resistant.

14 Sec. 322.002. PACKAGING PROHIBITIONS. (a) A person may not
15 market, advertise, sell, or cause to be sold a consumable hemp
16 product that:

17 (1) is in the shape of a human, animal, fruit, or
18 cartoon or in another shape that is designed to be attractive to
19 minors; or

20 (2) is in packaging or a container that:

21 (A) is in the shape of a human, animal, fruit, or
22 cartoon or in another shape that is designed to be attractive to
23 minors;

24 (B) depicts an image of a human, animal, fruit,
25 or cartoon or another image that is designed to be attractive to
26 minors;

27 (C) imitates or mimics trademarks or trade dress

of products that are or have been primarily marketed to minors;

(D) includes a symbol that is primarily used to market products to minors;

(E) includes an unauthorized image of a celebrity; or

(F) includes an image that resembles a food product, including candy or juice.

(b) For purposes of this section, a cartoon includes a depiction of an object, person, animal, creature, or any similar caricature that:

(1) uses comically exaggerated features and attributes;

(2) assigns human characteristics to animals, plants, or other objects; or

(3) has unnatural or extra-human abilities, including imperviousness to pain or injury, x-ray vision, tunneling at very high speeds, and transformation.

Sec. 322.003. ADVERTISING RESTRICTIONS. (a) A person may not advertise or promote a consumable hemp product in a manner that:

(1) is designed to be targeted or attractive to minors;

(2) suggests the product is medicine or holds medicinal qualities; or

(3) could cause a reasonable person or minor to confuse the product for medicine, candy, snacks, or other food products that are widely distributed and generally available to the public.

1 (b) A person may not advertise or use signage that asserts
2 consumable hemp products are safe because the products are:

3 (1) regulated by the state or the commission; or

4 (2) tested by the state, commission, another
5 governmental entity, or a testing facility.

6 (c) A person may not advertise a consumable hemp product
7 using amplified sound from, or signs, pictures, or video on, a
8 vehicle on a public street or highway.

9 Sec. 322.004. LICENSE HOLDER ADVERTISING RESTRICTIONS. (a)
10 A license holder may not:

11 (1) engage in advertising that is deceptive, false, or
12 misleading;

13 (2) make any deceptive, false, or misleading
14 assertions or statements on a product, sign, or document provided
15 to a consumer;

16 (3) engage in marketing directed toward
17 location-based devices, including cellular phones; or

18 (4) use unsolicited pop-up advertisements on an
19 Internet website.

20 Sec. 322.005. PROHIBITED SPONSORSHIP OR ADVERTISEMENT AT
21 CERTAIN EVENTS. A license holder may not sponsor, and a person may
22 not advertise a consumable hemp product at, a charitable, sports,
23 or similar event.

24 Sec. 322.006. LOCATION OF ADVERTISEMENTS. (a) In this
25 section:

26 (1) "Homeless shelter" has the meaning assigned by
27 Section 109.36.

1 (2) "Playground" and "school" have the meanings
2 assigned by Section 481.134, Health and Safety Code.

3 (b) A person may not advertise a consumable hemp product or
4 a consumable hemp product business on an outdoor sign that is within
5 1,000 feet of a school, church, playground, day-care center,
6 child-care center, homeless shelter, or substance abuse treatment
7 center.

8 (c) Subsection (b) does not apply to a license holder
9 engaged in business unrelated to consumable hemp products if the
10 advertisement does not promote a consumable hemp product or the
11 license holder's involvement with a consumable hemp product.

12 Sec. 322.007. ADVERTISING; RULES. The commission shall
13 adopt rules regarding the advertisement and promotion of consumable
14 hemp products by license holders, including rules that restrict the
15 advertisement or promotion of a consumable hemp product to minors
16 to the full extent permitted by the United States Constitution and
17 Texas Constitution.

18 SUBTITLE D. ENFORCEMENT

19 CHAPTER 340. PROHIBITIONS AND OFFENSES

20 SUBCHAPTER A. GENERAL PROVISIONS

21 Sec. 340.001. PROHIBITIONS. (a) A person may not sell,
22 offer for sale, possess, distribute, or transport a consumable hemp
23 product or hemp beverage in this state that:

24 (1) contains any material extracted or derived from
25 the plant cannabis sativa L., other than from hemp produced in
26 compliance with 7 U.S.C. Subchapter VII, Chapter 38;

27 (2) is not labeled with the license numbers of the

manufacturer and hemp testing laboratory that performed the compliance testing for the product's batch; or

(3) has not been tested by a hemp testing laboratory in compliance with Chapter 443A, Health and Safety Code.

(b) The commission and the Department of Public Safety shall establish a process for the random testing of consumable hemp products and hemp beverages at various retail and other establishments that sell, offer for sale, distribute, or use the products or beverages to ensure that the products or beverages:

(1) do not contain harmful ingredients;

(2) are produced in compliance with 7 U.S.C. Subchapter VII, Chapter 38; and

(3) have a tetrahydrocannabinol content in compliance with the applicable limits established by Section 59.10 or 320.005.

Sec. 340.002. DECEPTIVE TRADE PRACTICE. (a) A person who sells, offers for sale, or distributes a consumable hemp product or hemp beverage commits a false, misleading, or deceptive act or practice actionable under Subchapter E, Chapter 17, Business & Commerce Code:

(1) if the person falsely claims the product or beverage has been processed or manufactured in compliance with this title; or

(2) if the product or beverage:

(A) contains harmful ingredients;

(B) is not produced in compliance with 7 U.S.C. Subchapter VII, Chapter 38;

(C) has a tetrahydrocannabinol content that

exceeds the applicable limits established by Section 59.10 or 320.005

(D) is packaged, marketed, or sold in a manner that indicates it is for medical use;

(E) is natural hemp flower; or

(F) is sold to a minor.

SUBCHAPTER B. CRIMINAL OFFENSES

Sec. 340.101. OFFENSE: MANUFACTURE, DELIVERY, OR POSSESSION WITH INTENT TO DELIVER CERTAIN CONSUMABLE HEMP PRODUCTS OR HEMP BEVERAGES. (a) A person commits an offense if the person knowingly manufactures, delivers, or possesses with intent to deliver a consumable hemp product or hemp beverage that contains:

(1) synthetic or converted cannabinoids; or

(2) an amount of tetrahydrocannabinol that exceeds the applicable limits established by Section 59.10 or 320.005.

(b) An offense under this section is a state jail felony.

(c) If conduct constituting an offense under this section also constitutes an offense under another law, the actor may be prosecuted under this section, the other law, or both.

Sec. 340.102. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE HEMP PRODUCTS OR HEMP BEVERAGES. (a) A person commits an offense if the person intentionally or knowingly possesses a consumable hemp product or hemp beverage that contains:

(1) synthetic or converted cannabinoids; or

(2) an amount of tetrahydrocannabinol that exceeds the applicable limits established by Section 59.10 or 320.005.

(b) An offense under this section is a Class A misdemeanor.

1 (c) If conduct constituting an offense under this section
2 also constitutes an offense under another law, the actor may be
3 prosecuted under this section, the other law, or both.

4 Sec. 340.103. OFFENSE: SALE OR DELIVERY OF CONSUMABLE HEMP
5 PRODUCTS OR HEMP BEVERAGES NEAR SCHOOL. (a) In this section,
6 "premises," notwithstanding any other provision of this code, and
7 "school" have the meanings assigned by Section 481.134, Health and
8 Safety Code.

9 (b) A person commits an offense if the person sells or
10 offers for sale a consumable hemp product or hemp beverage in, on,
11 or within 1,000 feet of the premises of a school, church, public
12 playground, day-care center, child-care center, homeless shelter,
13 or substance abuse treatment center.

14 (c) An offense under this section is a state jail felony.

15 Sec. 340.104. OFFENSE: FALSE LABORATORY REPORT. (a) A
16 person commits an offense if the person, with the intent to deceive,
17 forges, falsifies, or alters the results of a laboratory test
18 authorized or required by this title, Chapter 122, Agriculture
19 Code, or Chapter 443A, Health and Safety Code.

20 (b) An offense under this section is a felony of the third
21 degree.

22 Sec. 340.105. OFFENSE: POSSESSION OR SALE OF NATURAL HEMP
23 FLOWER. (a) A person commits an offense if the person possesses,
24 sells, or offers for sale natural hemp flower.

25 (b) An offense under this section is:

26 (1) a Class B misdemeanor if the amount of natural hemp
27 flower possessed, sold, or offered for sale is two ounces or less;

1 (2) a Class A misdemeanor if the amount of natural hemp
2 flower possessed, sold, or offered for sale is four ounces or less
3 but more than two ounces;

4 (3) a state jail felony if the amount of natural hemp
5 flower possessed, sold, or offered for sale is five pounds or less
6 but more than four ounces;

7 (4) a felony of the third degree if the amount of
8 natural hemp flower possessed, sold, or offered for sale is 50
9 pounds or less but more than 5 pounds;

10 (5) a felony of the second degree if the amount of
11 natural hemp flower possessed, sold, or offered for sale is 2,000
12 pounds or less but more than 50 pounds; and

13 (6) a felony of the first degree punishable by
14 imprisonment in the Texas Department of Criminal Justice for life
15 or for a term of not more than 99 years or less than 5 years, and a
16 fine not to exceed \$50,000, if the amount of natural hemp flower
17 possessed, sold, or offered for sale is more than 2,000 pounds.

18 (d) It is an exception to the application of Subsection (a)
19 that the person holds a grower's, hemp brewer's, distributor's, or
20 manufacturer's license during the course and scope of a business
21 activity conducted pursuant to the applicable license.

22 (e) It is an exception to the application of Subsection (a)
23 that the person is engaged in continuous transport of the natural
24 hemp flower through the state and possesses a shipping invoice that
25 clearly states the name and address of the origin and destination of
26 the shipment.

27 Sec. 340.106. OFFENSE: SALE OF CERTAIN HEMP-DERIVED

1 PRODUCTS. (a) A person commits an offense if the person knowingly
2 sells or offers for sale consumable hemp product or hemp beverage
3 that contains:

- 4 (1) synthetic or converted cannabinoids;
5 (2) a cannabinoid other than a hemp-derived
6 cannabinoid; or
7 (3) an amount of tetrahydrocannabinol that exceeds the
8 applicable limits established by Section 59.10 or 320.005.

9 (b) An offense under this section is a state jail felony.

10 Sec. 340.107. POSSESSION OF HEMP BEVERAGE IN OPEN CONTAINER
11 IN MOTOR VEHICLE. (a) In this section:

12 (1) "Open container" means a package, container, or
13 other receptacle that contains any amount of hemp beverage and that
14 is open, that has been opened, that has a broken seal, or the
15 contents of which are partially removed.

16 (2) "Passenger area of a motor vehicle" means the area
17 of a motor vehicle designed for the seating of the operator and
18 passengers of the vehicle. The term does not include:

19 (A) a glove compartment or similar storage
20 container that is locked;

21 (B) the trunk of a vehicle; or

22 (C) the area behind the last upright seat of the
23 vehicle, if the vehicle does not have a trunk.

24 (3) "Public highway" means the entire width between
25 and immediately adjacent to the boundary lines of any public road,
26 street, highway, interstate, or other publicly maintained way if
27 any part is open for public use for the purpose of motor vehicle

1 travel. The term includes the right-of-way of a public highway.

2 (b) A person commits an offense if the person knowingly
3 possesses an open container in a passenger area of a motor vehicle
4 that is located on a public highway, regardless of whether the
5 vehicle is being operated or is stopped or parked. Possession by a
6 person of one or more open containers in a single criminal episode
7 is a single offense.

8 (c) It is an exception to the application of Subsection (b)
9 that at the time of the offense the defendant was a passenger in:

10 (1) the passenger area of a motor vehicle designed,
11 maintained, or used primarily for the transportation of persons for
12 compensation, including a bus, taxicab, or limousine; or

13 (2) the living quarters of a motorized house coach or
14 motorized house trailer, including a self-contained camper, a motor
15 home, or a recreational vehicle.

16 (d) An offense under this section is a Class C misdemeanor.

17 (e) A peace officer charging a person with an offense under
18 this section, instead of taking the person before a magistrate,
19 shall issue to the person a written citation and notice to appear
20 that contains the time and place the person must appear before a
21 magistrate, the name and address of the person charged, and the
22 offense charged. If the person makes a written promise to appear
23 before the magistrate by signing in duplicate the citation and
24 notice to appear issued by the officer, the officer shall release
25 the person.

26 SECTION 86. The heading to Section 17.463, Business &
27 Commerce Code, is amended to read as follows:

1 Sec. 17.463. PRODUCTION, SALE, DISTRIBUTION, OR PROMOTION
2 OF HEMP AND CERTAIN SYNTHETIC SUBSTANCES.

3 SECTION 87. Section 17.463(a), Business & Commerce Code, is
4 amended to read as follows:

5 (a) This section applies only to an act described by Section
6 17.46(b)(31) and Section 340.002, Alcoholic Beverage Code.

7 SECTION 88. The heading to Chapter 501, Election Code, is
8 amended to read as follows:

9 CHAPTER 501. LOCAL OPTION ELECTIONS ON SALE OF CONSUMABLE HEMP
10 PRODUCTS, HEMP BEVERAGES, OR ALCOHOLIC BEVERAGES

11 SECTION 89. Section 501.001(1), Election Code, is amended
12 to read as follows:

13 (1) "Alcoholic beverage," "commission," "consumable
14 hemp product," "hemp beverage," "liquor," "malt beverage," "mixed
15 beverage," and "wine and vinous liquor" have the meanings assigned
16 by Section 1.04, Alcoholic Beverage Code.

17 SECTION 90. Section 501.021, Election Code, is amended to
18 read as follows:

19 Sec. 501.021. ELECTION TO BE HELD BY PETITION. On proper
20 petition by the required number of voters of a county, justice
21 precinct, or municipality in the county, the commissioners court
22 shall order a local option election in the political subdivision to
23 determine whether the sale of consumable hemp products, hemp
24 beverages, or alcoholic beverages of one or more of the various
25 types and alcoholic contents shall be prohibited or legalized in
26 the political subdivision.

27 SECTION 91. Section 501.023(a), Election Code, is amended

to read as follows:

(a) If 10 or more qualified voters of any county, justice precinct, or municipality file a written application and provide proof of publication of notice in a newspaper of general circulation in that political subdivision, the county clerk of the county shall issue to the applicants a petition to be circulated among the qualified voters of the political subdivision for the signatures of those qualified voters who desire that a local option election be called for the purpose of determining whether the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents shall be prohibited or legalized in the political subdivision. The notice must include:

(1) the individual or entity that is applying for the petition to gather signatures for a local option [~~liquor~~] election;

(2) the type of local option [~~liquor~~] election;

(3) the name of the political subdivision in which the petition will be circulated; and

(4) the name and title of the person with whom the application will be filed.

SECTION 92. Sections 501.024(a) and (b), Election Code, are amended to read as follows:

(a) An application for a petition seeking an election to prohibit the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed: "Application for Local Option Election Petition to Prohibit."

1 (b) The application must contain a statement just ahead of
2 the signatures of the applicants, as follows: "It is the hope,
3 purpose and intent of the applicants whose signatures appear hereon
4 to see prohibited the sale of consumable hemp products, hemp
5 beverages, or alcoholic beverages, as applicable, referred to in
6 the issue set out above."

7 SECTION 93. Sections 501.025(a) and (b), Election Code, are
8 amended to read as follows:

9 (a) An application for a petition seeking an election to
10 legalize the sale of consumable hemp products, hemp beverages, or
11 alcoholic beverages of one or more of the various types and
12 alcoholic contents must be headed: "Application for Local Option
13 Election Petition to Legalize."

14 (b) The application must contain a statement just ahead of
15 the signatures of the applicants, as follows: "It is the hope,
16 purpose and intent of the applicants whose signatures appear hereon
17 to see legalized the sale of consumable hemp products, hemp
18 beverages, or alcoholic beverages, as applicable, referred to in
19 the issue set out above."

20 SECTION 94. Sections 501.027(a) and (b), Election Code, are
21 amended to read as follows:

22 (a) Each page of the petition for a local option election
23 seeking to prohibit the sale of consumable hemp products, hemp
24 beverages, or alcoholic beverages of one or more of the various
25 types and alcoholic contents must be headed "Petition for Local
26 Option Election to Prohibit."

27 (b) The petition must contain a statement just ahead of the

1 signatures of the petitioners, as follows: "It is the hope, purpose
2 and intent of the petitioners whose signatures appear hereon to see
3 prohibited the sale of consumable hemp products, hemp beverages, or
4 alcoholic beverages, as applicable, referred to in the issue set
5 out above."

6 SECTION 95. Sections 501.028(a) and (b), Election Code, are
7 amended to read as follows:

8 (a) Each page of the petition for a local option election
9 seeking to legalize the sale of consumable hemp products, hemp
10 beverages, or alcoholic beverages of one or more of the various
11 types and alcoholic contents must be headed "Petition for Local
12 Option Election to Legalize."

13 (b) The petition must contain a statement just ahead of the
14 signatures of the petitioners, as follows: "It is the hope, purpose
15 and intent of the petitioners whose signatures appear hereon to see
16 legalized the sale of consumable hemp products, hemp beverages, or
17 alcoholic beverages, as applicable, referred to in the issue set
18 out above."

19 SECTION 96. Section 501.034(a), Election Code, is amended
20 to read as follows:

21 (a) The election order must state in its heading and text
22 whether the local option election to be held is for the purpose of
23 prohibiting or legalizing the sale of consumable hemp products,
24 hemp beverages, or the alcoholic beverages set out in the issue
25 recited in the application and petition.

26 SECTION 97. Sections 501.035(b) and (c), Election Code, are
27 amended to read as follows:

(b) In an area where consumable hemp products, hemp beverages, or any type or classification of alcoholic beverages is prohibited and the issue submitted pertains to legalization of the sale of one or more of the prohibited types or classifications, the ballot shall be prepared to permit voting for or against the one of the following issues that applies:

(1) "The legal sale of malt beverages for off-premise consumption only."

(2) "The legal sale of malt beverages."

(3) "The legal sale of malt beverages and wine for off-premise consumption only."

(4) "The legal sale of malt beverages and wine."

(5) "The legal sale of all alcoholic beverages for off-premise consumption only."

(6) "The legal sale of all alcoholic beverages except mixed beverages."

(7) "The legal sale of all alcoholic beverages including mixed beverages."

(8) "The legal sale of mixed beverages."

(9) "The legal sale of mixed beverages in restaurants by food and beverage certificate holders only."

(10) "The legal sale of wine on the premises of a holder of a winery permit."

(11) "The legal sale of consumable hemp products."

(12) "The legal sale of hemp beverages."

(c) In an area where the sale of consumable hemp products, hemp beverages, or any type or classification of alcoholic

1 beverages has been legalized, the ballot for a prohibitory election
2 shall be prepared to permit voting for or against the one of the
3 following issues that applies:

4 (1) "The legal sale of malt beverages for off-premise
5 consumption only."

6 (2) "The legal sale of malt beverages."

7 (3) "The legal sale of malt beverages and wine for
8 off-premise consumption only."

9 (4) "The legal sale of malt beverages and wine."

10 (5) "The legal sale of all alcoholic beverages for
11 off-premise consumption only."

12 (6) "The legal sale of all alcoholic beverages except
13 mixed beverages."

14 (7) "The legal sale of all alcoholic beverages
15 including mixed beverages."

16 (8) "The legal sale of mixed beverages."

17 (9) "The legal sale of mixed beverages in restaurants
18 by food and beverage certificate holders only."

19 (10) "The legal sale of wine on the premises of a
20 holder of a winery permit."

21 (11) "The legal sale of consumable hemp products."

22 (12) "The legal sale of hemp beverages."

23 SECTION 98. Section 501.107, Election Code, is amended to
24 read as follows:

25 Sec. 501.107. COUNTY PAYMENT OF ELECTION EXPENSES. The
26 county shall pay the expense of holding a local option election
27 authorized by this chapter in the county, justice precinct, or

1 municipality in that county except that:

2 (1) if an election is to be held only within the
3 corporate limits of a municipality located wholly within the
4 county, the county may require the municipality to reimburse the
5 county for all or part of the expenses of holding the local option
6 election;

7 (2) county payment of the expense of an election to
8 legalize the sale of consumable hemp products, hemp beverages, or
9 alcoholic beverages is limited to the holding of one election in a
10 political subdivision during a one-year period; and

11 (3) county payment of the expense of an election to
12 prohibit the sale of consumable hemp products, hemp beverages, or
13 alcoholic beverages is limited to the holding of one election in a
14 political subdivision during a one-year period.

15 SECTION 99. Section 501.109(a), Election Code, is amended
16 to read as follows:

17 (a) This section applies only to an election to permit or
18 prohibit the legal sale of consumable hemp products, hemp
19 beverages, or alcoholic beverages of one or more of the various
20 types and alcoholic contents in a municipality.

21 SECTION 100. Sections 501.151(b) and (c), Election Code,
22 are amended to read as follows:

23 (b) In a prohibitory election, if a majority of the votes
24 cast do not favor the issue "The legal sale. . .," the court's order
25 must state that the sale of consumable hemp products, hemp
26 beverages, or the type or types of beverages stated in the issue at
27 the election is prohibited effective on the 30th day after the date

1 the order is entered. The prohibition remains in effect until
2 changed by a subsequent local option election held under this
3 chapter.

4 (c) In a legalization election, if a majority of the votes
5 cast favor the issue "The legal sale . . .," the legal sale of
6 consumable hemp products, hemp beverages, or the type or types of
7 beverages stated in the issue at the election is legal on the
8 entering of the court's order. The legalization remains in effect
9 until changed by a subsequent local option election held under this
10 code.

11 SECTION 101. Section 501.154(a), Election Code, is amended
12 to read as follows:

13 (a) A commissioners court order declaring the result of a
14 local option election and prohibiting the sale of any or all types
15 of consumable hemp products, hemp beverages, or alcoholic beverages
16 must be published by posting the order at three public places in the
17 county or other political subdivision in which the election was
18 held.

19 SECTION 102. Section 411.110(a), Government Code, is
20 amended to read as follows:

21 (a) The Department of State Health Services and the Health
22 and Human Services Commission are entitled to obtain criminal
23 history record information as provided by Subsection (a-1) that
24 relates to a person who is:

25 (1) an applicant for a license or certificate under
26 Chapter 773, Health and Safety Code, an owner or manager of an
27 applicant for an emergency medical services provider license under

1 that chapter, or the holder of a license or certificate under that
2 chapter;

3 (2) an applicant for a license or a license holder
4 under Subchapter I, L, or N, Chapter 431, Health and Safety Code;

5 (3) an applicant for employment at or current employee
6 of:

7 (A) a public health hospital as defined by
8 Section 13.033, Health and Safety Code; or

9 (B) the South Texas Health Care System;

10 (4) an applicant for employment at, current employee
11 of, or person who contracts or may contract to provide goods or
12 services with the Council on Sex Offender Treatment or other
13 division or component of the Health and Human Services Commission
14 that monitors sexually violent predators as described by Section
15 841.003(a), Health and Safety Code; or

16 (5) authorized to access vital records or the vital
17 records electronic registration system under Chapter 191, Health
18 and Safety Code, including an employee of or contractor for the
19 Department of State Health Services, a local registrar, a medical
20 professional, or a funeral director[~~, or~~

21 [~~(6) an applicant for a license or a license holder~~
22 ~~under Subchapter C, Chapter 443, Health and Safety Code]~~.

23 SECTION 103. Chapter 772, Government Code, is amended by
24 adding Subchapter C to read as follows:

25 SUBCHAPTER C. TEXAS HEMP COUNCIL

26 Sec. 772.101. DEFINITIONS. In this chapter, "council"
27 means the Texas Hemp Council.

1 Sec. 772.102. APPLICATION OF SUNSET ACT. The Texas Hemp
2 Interagency Coordinating Council is subject to Chapter 325,
3 Government Code (Texas Sunset Act). Unless continued in existence
4 as provided by that chapter, the council is abolished September 1,
5 2030.

6 Sec. 772.103. APPOINTMENT OF COUNCIL. The council consists
7 of:

8 (1) the governor, or the governor's designee;

9 (2) the commissioner of agriculture, or the
10 commissioner's designee;

11 (3) the executive director of the Department of State
12 Health Services, or the executive director's designee;

13 (4) the executive director of the Texas Alcoholic
14 Beverage Commissioner, or the executive director's designee;

15 (5) the executive director of the Texas Department of
16 Public Safety, or the executive director's designee;

17 (6) the director of the Texas A&M AgriLife Extension
18 Service, or the executive director's designee;

19 (7) a member of the public appointed by the governor,
20 who serves at the pleasure of the governor.

21 Sec. 772.104. PRESIDING OFFICER. (a) The governor serves
22 as the presiding officer of the council.

23 (b) The presiding officer may vote on all matters before the
24 council.

25 Sec. 772.105. COMPENSATION; REIMBURSEMENT. (a) A council
26 member may not receive compensation for service on the commission.

27 (b) A council member is entitled to reimbursement for actual

1 and necessary expenses incurred in performing functions as a
2 council member, subject to any applicable limitation on
3 reimbursement provided by the General Appropriations Act.

4 Sec. 772.106. MEETINGS. (a) The commission shall meet at
5 least once in each quarter of the fiscal year.

6 (b) The commission may meet at other times at the call of the
7 presiding officer or as provided by council rules.

8 Sec. 772.107. WORKING GROUPS. The council may establish
9 one or more working groups, composed of members of the council or
10 other members appointed by the governor, as determined necessary by
11 the council.

12 Sec. 772.108. RULEMAKING. (a) The council shall assist
13 state agencies that regulate hemp in the development and adoption
14 of rules to ensure consistency in the regulation of hemp and
15 hemp-derived products.

16 (b) The council may issue recommendations to the agencies
17 described by Subsection (a) regarding proposed or existing rules.

18 (c) Each agency described by Subsection (a) shall consult
19 with the council in the rulemaking process to promote uniformity
20 and avoid conflicting regulatory requirements.

21 Sec. 772.109. STUDY ON RETAIL SALES AND PURCHASE
22 LIMITATIONS. (a) The council shall conduct a study regarding:

23 (1) mechanisms to limit the number of sales of
24 consumable hemp products and hemp beverages a permit holder under
25 Title 7, Alcoholic Beverage Code, may complete to an individual
26 customer within a 24-hour period;

27 (2) mechanisms to limit the number of purchases of

consumable hemp products and hemp beverages a person may complete within a 24-hour period, from one or more permit holders under Title 7, Alcoholic Beverage Code;

(3) methods for determining intoxication resulting from the use of consumable hemp products, hemp beverages, or other products containing tetrahydrocannabinols; and

(4) any other matter related to consumable hemp products, hemp beverages, or other products containing tetrahydrocannabinols the council determines is appropriate.

(b) The study must identify and consider:

(1) the feasibility and cost of real-time sales tracking systems to enforce transaction limits across permit holders;

(2) privacy and data security implications associated with monitoring consumer purchases;

(3) enforcement mechanisms, including administrative or criminal penalties for exceeding transaction limits; and

(4) the public health and safety benefits of implementing transaction limits on consumable hemp products and hemp beverages;

(5) the effectiveness and reliability of available testing methods for use by law enforcement to determine intoxication resulting from the consumption of products containing tetrahydrocannabinols; and

(6) the impact on public health and safety of varying levels of intoxication resulting from the consumption of products containing tetrahydrocannabinols.

1 (c) Not later than December 1, 2026, the council shall
2 submit a report on the findings of the study to the governor, the
3 lieutenant governor, the speaker of the house of representatives,
4 and the standing committees of the legislature with jurisdiction
5 over public health and criminal justice matters.

6 SECTION 104. Effective September 1, 2027, Section 431.011,
7 Health and Safety Code, is amended to read as follows:

8 Sec. 431.011. APPLICABILITY OF CHAPTER TO CONSUMABLE HEMP
9 PRODUCTS AND MANUFACTURERS. (a) This chapter applies to a
10 consumable hemp product subject to Title 7, Alcoholic Beverage Code
11 ~~[Chapter 443]~~. An article regulated under this chapter may not be
12 deemed to be adulterated solely on the basis that the article is a
13 consumable hemp product.

14 (b) Except as provided by Subsection (c), this chapter
15 applies to the conduct of a person who holds a license under Title
16 7, Alcoholic Beverage Code ~~[Chapter 443]~~.

17 (c) A person who holds a license under Title 7, Alcoholic
18 Beverage Code, ~~[Chapter 443]~~ related to the processing of hemp or
19 the manufacturing of a consumable hemp product regulated under that
20 title ~~[chapter]~~ and is engaging in conduct within the scope of that
21 license is not required to hold a license as a food manufacturer or
22 food wholesaler under Subchapter J.

23 SECTION 105. Section 431.2211(a-3), Health and Safety Code,
24 is amended to read as follows:

25 (a-3) A person is not required to hold a license under this
26 subchapter if the person holds a license under Title 7, Alcoholic
27 Beverage Code, ~~[Chapter 443]~~ and is engaging in conduct within the

scope of that license.

SECTION 106. Title 6, Subtitle A, Health and Safety Code is amended by adding Chapter 443A to read as follows:

CHAPTER 443A. TESTING OF CONSUMABLE HEMP PRODUCTS

Sec. 443A.001. DEFINITIONS. In this chapter:

(1) "Consumable hemp product" has the meaning assigned by Section 1.04, Alcoholic Beverage Code.

(2) "Council" means the Texas Hemp Interagency Coordinating Council.

(3) "Department" means the Department of State Health Services.

(4) "Hemp beverage" has the meaning assigned by Section 1.04, Alcoholic Beverage Code.

Sec. 443A.002. LICENSING OF HEMP TESTING LABORATORIES. (a) A hemp testing laboratory must be licensed by the department.

(b) The department shall license one or more hemp testing laboratories in each public health region designated under Section 121.007.

(c) To be eligible for a hemp testing laboratory license, a laboratory must be:

(1) accredited by an accreditation body in accordance with International Organization for Standardization ISO/IEC 17025 or a comparable successor;

(2) registered with the federal Drug Enforcement Administration; and

(3) located in this state.

(c) Notwithstanding Subsection (b)(3), the department may

1 issue a license to a hemp testing laboratory located in another
2 state if the laboratory:

- 3 (1) is licensed in the laboratory's home jurisdiction;
4 (2) posts a surety bond as required under this
5 chapter; and
6 (3) otherwise meets the requirements for eligibility
7 for a hemp testing laboratory license in this state.

8 Sec. 443A.003. CONDUCT SURETY BOND. An applicant for or a
9 holder of a hemp testing laboratory license shall file with the
10 department a surety bond in the amount of \$10,000, conditioned on
11 the applicant's or license holder's compliance with laws and
12 regulations relating to hemp and the testing of hemp, consumable
13 hemp products, and hemp beverages.

14 Sec. 443A.004. LICENSE NUMBER. (a) The department shall
15 issue each licensed hemp testing laboratory a license number.

16 (b) A hemp testing laboratory shall put the license number
17 issued under this section on each certificate of analysis issued by
18 the laboratory.

19 Sec. 443A.005. RESTRICTIONS ON LABORATORY OWNERSHIP OR
20 INTEREST. (a) A licensed hemp manufacturer, distributor, brewer,
21 or retailer may not be an owner or manager of a hemp testing
22 laboratory.

23 (b) If a laboratory is publicly traded, a licensed hemp
24 manufacturer, distributor, brewer, or retailer may not have more
25 than a 1 percent ownership interest in the laboratory.

26 Sec. 443A.006. RULEMAKING. The department shall adopt
27 rules addressing:

1 (1) acceptable testing practices, including testing
2 standards, compliance with certified good manufacturing processes,
3 quality control analyses, equipment certification and calibration,
4 and chemical identification;

5 (2) an allowable variance rate for determining the
6 amount or potency of tetrahydrocannabinols or other cannabinoids in
7 natural hemp flower, hemp biomass, a consumable hemp product, or a
8 hemp beverage;

9 (3) the threshold for "trace amounts of
10 tetrahydrocannabinols," including individual or total
11 tetrahydrocannabinol content, considering current laboratory
12 testing standards and capabilities;

13 (4) corrective measures, root cause analyses,
14 quarantines of suspect batches, fair notice of unintentional or
15 negligent violations, destruction of failed batches, documentation
16 requirements, random hemp testing laboratory assurance checks, and
17 data-driven quality assurance checks;

18 (5) the proper procedure and documentation for
19 destruction or disposal of natural hemp flower or hemp biomass or of
20 any extracts or manufactured product that testing shows may not be
21 sold or introduced into commerce in this state; and

22 (6) any other subject the commission considers
23 necessary to implement this chapter.

24 Sec. 443A.007. TESTING REQUIRED. (a) Natural hemp flower,
25 hemp biomass, a consumable hemp product, or a hemp beverage must be
26 tested as provided by this section.

27 (b) Before natural hemp flower or hemp biomass is processed,

1 sold, or otherwise used in the manufacture of a consumable hemp
2 product or hemp beverage, a sample representing the flower or
3 biomass must be tested, as required by the department, to
4 determine:

5 (1) the presence and concentration of various
6 cannabinoids;

7 (2) the presence and quantity of residual solvents,
8 heavy metals, pesticides, harmful pathogens, and any other
9 substance prescribed by commission rule; and

10 (3) that the sample contains acceptable levels of the
11 substances described by Subdivisions (1) and (2) as set by
12 commission rule.

13 (c) The tetrahydrocannabinol testing procedure for natural
14 hemp flower or hemp biomass under this section must use
15 post-decarboxylation or a similar method that includes the
16 conversion of tetrahydrocannabinolic acid into delta-9
17 tetrahydrocannabinol as described by 7 C.F.R. Part 990.

18 (d) Before material extracted from hemp by processing,
19 other than work in progress, is sold as or offered for sale as a
20 consumable hemp product or hemp beverage, the material must be
21 tested as required by the commission to determine:

22 (1) the presence of harmful microorganisms; and

23 (2) the presence or quantity of:

24 (A) any residual solvents used in processing, if
25 applicable; and

26 (B) any other substance prescribed by department
27 rule.

1 (e) Before a consumable hemp product or hemp beverage is
2 sold at retail or otherwise introduced into commerce in this state,
3 a sample representing each batch of the product or beverage must be
4 tested to determine that the product or beverage does not contain a
5 substance described by Subsection (b) or (d) in a quantity
6 prohibited for purposes of those subsections.

7 (f) Upon completion of a test required by Subsection (d) or
8 (e), the results of the test must be provided to the department in
9 the manner prescribed by rule.

10 Sec. 443A.008. PROVISION OF TEST RESULTS. (a) A person
11 licensed under Chapter 122, Agriculture Code, shall provide to a
12 license holder who is processing hemp harvested by the person or
13 otherwise using that hemp to manufacture a consumable hemp product
14 or hemp beverage the results of a test conducted under that chapter,
15 if available, as proof that the delta-9 tetrahydrocannabinol
16 concentration of the hemp does not exceed 0.3 percent.

17 (b) A license holder shall make available to a seller of a
18 consumable hemp product or hemp beverage processed or manufactured
19 by the license holder the results of testing required by Section
20 443A.007. The results may accompany a shipment to the seller or be
21 made available to the seller electronically. If the results are not
22 made available, the seller may have the testing required under
23 Section 443A.007 performed on the product or beverage and shall
24 make the results available to a consumer.

25 Sec. 443A.009. CERTIFICATE OF PRODUCT APPROVAL. (a) The
26 department shall by rule develop a process by which the holder of a
27 manufacturer's or brewer's license can apply for a certificate of

1 product approval for a consumable hemp product or hemp beverage.

2 (b) Upon approving a consumable hemp product or hemp
3 beverage for sale or introduction into commerce in this state, the
4 department shall issue a certificate of product approval for the
5 product or beverage and deliver an electronic copy to the
6 applicant.

7 (c) The certificate of product approval issued for a
8 consumable hemp product or hemp beverage under Subsection (b) must
9 contain:

10 (1) the name and address of the applicant for the
11 certificate of product approval;

12 (2) the trade name of the product and the product type;

13 (3) the name and license number for the hemp testing
14 laboratory that tested the product or beverage;

15 (4) the amount of each detectable cannabinoid
16 contained in the product or beverage; and

17 (5) a certification that the contents of the product
18 or beverage are in compliance with the applicable limit established
19 by Section 59.10 or 320.005, as applicable.

20 SECTION 107. Section 60.002, Occupations Code, is amended
21 to read as follows:

22 Sec. 60.002. REQUIREMENTS FOR DIGITAL LICENSES. A
23 licensing authority that issues an occupational license may issue a
24 digital license to a license holder. If the licensing authority
25 issues a digital license, the digital license must comply with the
26 following requirements:

27 (1) the digital license must be in a secure format and

1 readily accessible by the license holder through an Internet
2 website and on a wireless communication device;

3 (2) the public must be able to view a license holder's
4 digital license through an Internet website or by using a QR code as
5 defined by Section 1.04, Alcoholic Beverage [~~443.001, Health and~~
6 ~~Safety~~] Code; and

7 (3) if the authority contracts with a vendor for the
8 issuance of a digital license, the digital license must be in a
9 format in which the vendor and authority can verify the validity of
10 the license.

11 SECTION 108. Subchapter A, Chapter 183, Tax Code, is
12 amended by adding Section 183.002 to read as follows:

13 Sec. 183.002. CERTAIN HEMP BEVERAGES. For purposes of this
14 chapter and Section 151.308, a mixed beverage includes a hemp
15 beverage as defined by Section 1.04, Alcoholic Beverage Code.

16 SECTION 109. Section 543.004(a), Transportation Code, is
17 amended to read as follows:

18 (a) An officer shall issue a written notice to appear if:

19 (1) the offense charged is:

20 (A) speeding;

21 (B) the use of a wireless communication device
22 under Section 545.4251; or

23 (C) a violation of an [~~the~~] open container law
24 under [~~7~~] Section 49.031, Penal Code, or Section 340.107, Alcoholic
25 Beverage Code; and

26 (2) the person makes a written promise to appear in
27 court as provided by Section 543.005.

SECTION 110. Section 545.420(e), Transportation Code, is amended to read as follows:

(e) An offense under Subsection (a) is a Class A misdemeanor if it is shown on the trial of the offense that:

(1) the person has previously been convicted one time of an offense under that subsection; or

(2) the person, at the time of the offense:

(A) was operating the vehicle while intoxicated, as defined by Section 49.01, Penal Code; or

(B) was in possession of an open container, as defined by Section 49.031, Penal Code, or Section 340.107, Alcoholic Beverage Code.

SECTION 111. The following are repealed effective January 1, 2026:

(1) Chapter 443, Health and Safety Code;

(2) Section 431.001(c);

(3) Section 122.151(b), Agriculture Code; and

(4) Section 122.152, Agriculture Code.

SECTION 112. As soon as practicable after the effective date of this Act, the Texas Department of Agriculture, the Texas Alcoholic Beverage Commission, and the Department of State Health Services shall adopt rules as required by this Act.

SECTION 113. (a) On January 1, 2026, the following are transferred from the Department of State Health Services to the Texas Alcoholic Beverage Commission:

(1) the powers, duties, and functions of the Department of State Health Services under Title 7, Alcoholic

1 Beverage Code, as added by this Act; and

2 (2) all property and records in the custody of the
3 Department of State Health Services that are related to a power,
4 duty, or function transferred under this Act and all funds
5 appropriated by the legislature for that power, duty, or function.

6 (b) A rule, form, policy, procedure, or decision of the
7 Department of State Health Services related to a power, duty, or
8 function transferred under this Act continues in effect as a rule,
9 form, policy, procedure, or decision of the Texas Alcoholic
10 Beverage Commission and remains in effect until amended or replaced
11 by that agency. Notwithstanding any other law, beginning September
12 1, 2025, the Texas Alcoholic Beverage Commission may propose rules,
13 forms, policies, and procedures related to a function to be
14 transferred to the commission under this Act.

15 SECTION 114. Effective November January 1, 2026, a person
16 holding a license, permit, or registration issued under Chapter
17 443, Health and Safety Code, may continue to operate under that
18 license, permit, or registration until that license, permit, or
19 registration expires. The Department of State Health Services may
20 not renew a license, permit, or registration unless it complies
21 with this Act.

22 SECTION 115. If some or all of the provisions of this Act
23 are ever temporarily or permanently restrained or enjoined by
24 judicial order, all other provisions of Texas law regulating or
25 restricting hemp, consumable hemp products, and hemp beverages
26 shall be enforced as though the restrained or enjoined provisions
27 had not been adopted; provided, however, that whenever the

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1 temporary or permanent restraining order or injunction is stayed or
2 dissolved, or otherwise ceases to have effect, the provisions shall
3 have full force and effect.

4 SECTION 116. (a) This Act takes effect January 1, 2026.