

By: Eckhardt

S.B. No. 335

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to regulating the cultivation, manufacture, processing,  
3 distribution, sale, testing, transportation, delivery, transfer,  
4 possession, and use of cannabis and cannabis products; authorizing  
5 the imposition of fees; requiring occupational licenses; creating a  
6 criminal offense.

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

8 SECTION 1. Subtitle C, Title 6, Health and Safety Code, is  
9 amended by adding Chapter 491 to read as follows:

10 CHAPTER 491. REGULATION OF CANNABIS

11 SUBCHAPTER A. GENERAL PROVISIONS

12 Sec. 491.0001. DEFINITIONS. In this chapter:

13 (1) "Adult" means an individual 21 years of age or  
14 older.

15 (2) "Cannabis" means the plant Cannabis sativa L.,  
16 whether growing or not, the seeds of that plant, and every compound,  
17 manufacture, salt, derivative, mixture, or preparation of that  
18 plant or its seeds. The term includes cannabis concentrate. The  
19 term does not include:

20 (A) the mature stalks of the plant or fiber  
21 produced from the stalks;

22 (B) oil or cake made from the seeds of the plant;

23 (C) a compound, manufacture, salt, derivative,  
24 mixture, or preparation of the mature stalks, fiber, oil, or cake;

1                    (D) the sterilized seeds of the plant that are  
2 incapable of beginning germination;

3                    (E) hemp, as that term is defined by Section  
4 121.001, Agriculture Code; or

5                    (F) a consumable hemp product, as that term is  
6 defined by Section 443.001.

7                    (3) "Cannabis concentrate" means the resin extracted  
8 from a part of the plant Cannabis sativa L. or a compound,  
9 manufacture, salt, derivative, mixture, or preparation of the  
10 resin.

11                    (4) "Cannabis establishment" means an entity licensed  
12 by the department under this chapter to process and dispense  
13 cannabis and cannabis products to an adult.

14                    (5) "Cannabis grower" means an entity licensed by the  
15 department to cultivate cannabis for sale and distribution to a  
16 cannabis establishment.

17                    (6) "Cannabis product" means a product that contains  
18 cannabis and is intended for use or consumption by humans,  
19 including as an edible product or as a topical product, ointment,  
20 oil, or tincture. The term includes products that consist of  
21 cannabis and other ingredients.

22                    (7) "Cannabis-related drug paraphernalia" means  
23 equipment, a product, or material that is used or intended for use  
24 in:

25                    (A) planting, propagating, cultivating, growing,  
26 harvesting, manufacturing, compounding, converting, producing,  
27 processing, preparing, testing, analyzing, packaging, repackaging,

1 storing, or containing cannabis or a cannabis product; or

2 (B) introducing cannabis or a cannabis product  
3 into the human body.

4 (8) "Cannabis secure transporter" means an entity  
5 licensed by the department under this chapter to transport cannabis  
6 from a cannabis grower to a cannabis establishment.

7 (9) "Cannabis testing facility" means an entity  
8 licensed by the department under this chapter to analyze the safety  
9 and potency of cannabis and cannabis products.

10 (10) "Commission" means the Texas Commission of  
11 Licensing and Regulation.

12 (11) "Cultivate" means to propagate, breed, grow,  
13 harvest, dry, cure, or separate parts of the cannabis plant by  
14 manual or mechanical means.

15 (12) "Department" means the Texas Department of  
16 Licensing and Regulation.

17 (13) "Executive director" means the executive  
18 director of the department.

19 (14) "Marihuana" has the meaning assigned by Section  
20 [481.002](#).

21 (15) "Process" means to separate or otherwise prepare  
22 parts of the cannabis plant and to compound, blend, extract,  
23 infuse, or otherwise make or prepare cannabis concentrate or  
24 cannabis products.

25 SUBCHAPTER B. PROTECTIONS FROM LEGAL ACTION RELATED TO CANNABIS

26 Sec. 491.0051. AUTHORIZED CONDUCT: PERSONAL USE OF  
27 CANNABIS. An adult is authorized under this chapter to:

1           (1) use, possess, and transport not more than 2.5  
2 ounces of cannabis, except that not more than 15 grams of that  
3 amount may be in the form of cannabis concentrate;

4           (2) transfer without remuneration to another adult not  
5 more than 2.5 ounces of cannabis, except that not more than 15 grams  
6 of that amount may be in the form of cannabis concentrate and  
7 provided that the transfer is not advertised or promoted to the  
8 public;

9           (3) cultivate for personal use not more than 12  
10 cannabis plants in an area on the premises of the adult's private  
11 residence, provided that the cultivation occurs in an enclosed area  
12 that is:

13                   (A) equipped with locks or other security devices  
14 that restrict access to the area; and

15                   (B) not visible from a public place without the  
16 use of aircraft or optical aids;

17           (4) possess, store, or process on the premises of the  
18 adult's private residence not more than:

19                   (A) the amount of cannabis produced from cannabis  
20 plants cultivated on the premises, provided that:

21                           (i) not more than 12 cannabis plants are  
22 possessed, cultivated, or processed on the premises at one time;  
23 and

24                           (ii) any amount of cannabis in excess of 2.5  
25 ounces is stored in a container or area equipped with locks or other  
26 security devices that restrict access to the contents of the  
27 container or area; and

1           (B) 10 ounces of cannabis that were not produced  
2 from cannabis plants cultivated on the premises, provided that the  
3 amount in excess of 2.5 ounces is stored in a container or area  
4 described by Paragraph (A)(ii);

5           (5) use, possess, process, transport, or transfer to  
6 another adult without remuneration an amount of cannabis products  
7 specified by commission rule as the allowable amount of cannabis  
8 for purposes of this subdivision; and

9           (6) use, possess, transport, or transfer to another  
10 adult without remuneration cannabis-related drug paraphernalia.

11           Sec. 491.0052. AUTHORIZED CONDUCT: RETAIL CANNABIS  
12 OPERATIONS. This chapter authorizes the conduct of:

13           (1) a cannabis grower director, manager, or employee  
14 who, acting within the scope of the grower's license:

15           (A) cultivates cannabis or produces cannabis  
16 products for sale or transfer to a cannabis establishment; and

17           (B) possesses cannabis or cannabis-related drug  
18 paraphernalia;

19           (2) a cannabis establishment director, manager, or  
20 employee who, acting within the scope of the establishment's  
21 license, possesses cannabis or cannabis products or transfers or  
22 sells cannabis, cannabis products, or cannabis-related drug  
23 paraphernalia to an adult;

24           (3) a cannabis secure transporter director, manager,  
25 or employee who, acting within the scope of the secure  
26 transporter's license, transports, transfers, or delivers cannabis  
27 or cannabis products from a cannabis grower to a cannabis

1 establishment; and

2 (4) a cannabis testing facility director, manager, or  
3 employee who, acting within the scope of the facility's license,  
4 possesses or tests cannabis, cannabis products, or  
5 cannabis-related drug paraphernalia.

6 Sec. 491.0053. PROTECTION FROM LEGAL ACTION FOR AUTHORIZED  
7 CONDUCT. (a) A person is not subject to arrest, prosecution,  
8 forfeiture of property, or penalty in any manner or denial of any  
9 right or privilege, including any civil penalty or disciplinary  
10 action by a court or occupational or professional licensing board  
11 or bureau solely due to conduct authorized under Section 491.0051  
12 or 491.0052.

13 (b) The fact that a person engages in conduct authorized by  
14 Section 491.0051 or 491.0052 does not in itself constitute grounds  
15 for denying, limiting, or restricting conservatorship or  
16 possession of or access to a child under Title 5, Family Code.

17 Sec. 491.0054. PROHIBITION OF CANNABIS ON PRIVATE PROPERTY;  
18 EXCEPTION. (a) Except as otherwise provided by Subsection (b), a  
19 person may prohibit or restrict the possession, consumption,  
20 cultivation, distribution, processing, sale, or display of  
21 cannabis or cannabis products on property the person owns,  
22 occupies, or manages.

23 (b) A person may not prohibit a residential tenant under a  
24 lease agreement from possessing cannabis, cannabis products, or  
25 cannabis-related drug paraphernalia or consuming cannabis by means  
26 other than smoking on the premises.

27 Sec. 491.0055. CONDUCT NOT AUTHORIZED UNDER THIS CHAPTER.

1 This chapter does not authorize the following conduct:

2 (1) operating a motor vehicle while intoxicated or  
3 otherwise violating Chapter 49, Penal Code;

4 (2) smoking or otherwise consuming cannabis in:

5 (A) a motor vehicle while the vehicle is on a  
6 public road;

7 (B) an aircraft, while the aircraft is in flight  
8 or in a public area;

9 (C) a watercraft, while the watercraft is on a  
10 public waterway; or

11 (D) a public place, unless:

12 (i) the public place is an area designated  
13 by the applicable political subdivision as an area where using  
14 cannabis is permissible; and

15 (ii) the area described by Subparagraph (i)  
16 is not accessible to persons younger than 21 years of age;

17 (3) possessing or consuming cannabis or cannabis  
18 products or possessing cannabis-related drug paraphernalia:

19 (A) on the premises of a public or private  
20 child-care facility, prekindergarten, or primary or secondary  
21 school;

22 (B) on a school bus that serves a facility or  
23 school described by Paragraph (A); or

24 (C) on the premises of a correctional facility,  
25 as defined by Article 18A.251, Code of Criminal Procedure, or a  
26 civil commitment facility; or

27 (4) separating resin from the cannabis plant by butane

1 extraction or another method that uses a substance with a  
2 flashpoint below 100 degrees Fahrenheit in a public place or motor  
3 vehicle or within the curtilage of a residential structure.

4 SUBCHAPTER C. DUTIES OF COMMISSION AND DEPARTMENT

5 Sec. 491.0101. DUTIES OF DEPARTMENT. The department shall  
6 administer this chapter.

7 Sec. 491.0102. RULES; FEES. (a) The commission shall adopt  
8 all necessary rules for the administration and enforcement of this  
9 chapter, including rules imposing fees under this chapter in  
10 amounts sufficient to cover the cost of administering this chapter.

11 (b) The commission by rule shall set application and license  
12 fees under this chapter in amounts sufficient to administer this  
13 chapter and may annually adjust the fees for inflation.

14 (c) A fee collected under this chapter shall be deposited to  
15 the credit of the cannabis regulation account established under  
16 Section 491.0251.

17 (d) The commission shall adopt rules for the reasonable  
18 regulation of cannabis growers and cannabis establishments,  
19 including rules that:

20 (1) restrict the use of dangerous pesticides;

21 (2) regulate the packaging and labeling of cannabis  
22 products available at a cannabis establishment;

23 (3) restrict advertising and display of cannabis and  
24 cannabis products;

25 (4) restrict the maximum amount of  
26 tetrahydrocannabinol that may be contained in a cannabis product  
27 sold to a consumer;



1           (5) require recordkeeping and monitoring to track the  
2 transfer of cannabis and cannabis products between license holders;  
3 and

4           (6) require security measures, provided that the  
5 security measures do not restrict the cultivation of cannabis  
6 outdoors or in greenhouses.

7           Sec. 491.0103. TESTING, PACKAGING, AND LABELING STANDARDS.

8 (a) The commission by rule shall establish standards for:

- 9           (1) the operation of cannabis testing facilities;  
10           (2) the testing of cannabis and cannabis products; and  
11           (3) packaging and labeling requirements for cannabis  
12 and cannabis products.

13           (b) In establishing standards for packaging and labeling  
14 requirements under Subsection (a)(3), the commission shall require  
15 that:

16           (1) cannabis and cannabis products be packaged in  
17 opaque, resealable, child-resistant packaging that does not  
18 resemble and may not be easily confused with typical packaging for  
19 commercially sold candy;

20           (2) cannabis and cannabis products be clearly labeled;  
21 and

22           (3) the label for a cannabis product disclose the  
23 amount of cannabis contained in that product.

24           Sec. 491.0104. SECURE TRANSPORTATION OF CANNABIS. The  
25 commission by rule shall establish standards applicable to cannabis  
26 secure transporters, including standards to ensure all cannabis  
27 establishments are properly served.

1       Sec. 491.0105. CONFLICT OF INTEREST. (a) A person who is  
2 involved in the implementation, administration, or enforcement of  
3 this chapter as a member of the commission, an employee of the  
4 department, or a consultant to the commission or the department may  
5 not also hold a pecuniary interest in any entity licensed by the  
6 department under this chapter.

7       (b) A person who holds a pecuniary interest in a cannabis  
8 testing facility or a cannabis secure transporter who holds a  
9 license issued under this chapter may not hold a pecuniary interest  
10 in any entity that holds a cannabis establishment or cannabis  
11 grower license issued under this chapter.

12       (c) A person may not hold a pecuniary interest in more than  
13 five entities that are licensed under this chapter as a cannabis  
14 grower, except as provided by commission rule.

15       Sec. 491.0106. ANNUAL REPORT. The executive director shall  
16 annually submit to the governor a report providing the following  
17 information regarding licensing and regulation under this chapter:

18               (1) the number of applications received for each class  
19 of license under this chapter;

20               (2) the number of licenses issued for each class of  
21 license under this chapter;

22               (3) demographic information pertaining to license  
23 holders;

24               (4) a description of any fines imposed on a license  
25 holder or disciplinary actions taken against a license holder by  
26 the department; and

27               (5) a statement of revenues and expenses of the

1 department related to the implementation, administration, and  
2 enforcement of this chapter.

3 SUBCHAPTER D. LICENSING

4 Sec. 491.0151. LICENSE REQUIRED. A person may not operate  
5 as a cannabis grower, cannabis establishment, cannabis secure  
6 transporter, or cannabis testing facility unless the person holds a  
7 license issued by the department under this chapter.

8 Sec. 491.0152. QUALIFICATIONS FOR LICENSURE. The  
9 commission by rule shall provide for each class of license issued  
10 under this chapter qualifications for licensure that are  
11 demonstrably related to the operations authorized and duties  
12 imposed under that class of license.

13 Sec. 491.0153. APPLICATION. (a) A person may apply for an  
14 initial or renewal license under this chapter by submitting a form  
15 prescribed by the department along with the application fee in an  
16 amount set by commission rule.

17 (b) The application must indicate the class of license  
18 sought and include the name and address of the applicant, the name  
19 and address of each of the applicant's directors, managers, and  
20 employees, and any other information considered necessary by the  
21 department to determine the applicant's eligibility for the  
22 license.

23 Sec. 491.0154. ISSUANCE, RENEWAL, OR DENIAL OF LICENSE.

24 (a) The department shall issue or renew a license under this  
25 chapter only if:

26 (1) the department determines the applicant meets the  
27 qualifications established under Section 491.0152 for the class of

1 license sought; and

2 (2) the applicant is in compliance with any applicable  
3 local regulations.

4 (b) If the department denies the issuance or renewal of a  
5 license under Subsection (a), the department shall give written  
6 notice of the grounds for denial to the applicant.

7 (c) A license issued or renewed under this section expires  
8 as determined by commission rule and the department in accordance  
9 with Section 51.406, Occupations Code.

10 Sec. 491.0155. DUTY TO MAINTAIN QUALIFICATIONS. A license  
11 holder shall maintain compliance at all times with the  
12 qualifications for the applicable class of license established  
13 under Section 491.0152.

14 Sec. 491.0156. LICENSE SUSPENSION OR REVOCATION. (a) The  
15 department may at any time suspend or revoke a license issued under  
16 this chapter if the department determines the license holder has  
17 not maintained the qualifications established under Section  
18 491.0152 or has failed to comply with a duty imposed under this  
19 chapter.

20 (b) The department shall give written notice to a license  
21 holder of a license suspension or revocation under this section and  
22 the grounds for the suspension or revocation. The notice must be  
23 sent by certified mail, return receipt requested.

24 (c) After suspending or revoking a license issued under this  
25 chapter, the department shall notify the Department of Public  
26 Safety. The public safety director of the Department of Public  
27 Safety may seize or place under seal all cannabis, cannabis

1 products, and cannabis-related drug paraphernalia owned or  
2 possessed by the license holder. If the license is revoked, a  
3 disposition may not be made of the seized or sealed cannabis,  
4 cannabis products, or cannabis-related drug paraphernalia until  
5 the time for administrative appeal of the order has elapsed or until  
6 all appeals have been concluded. When a revocation order becomes  
7 final, all cannabis, cannabis products, and cannabis-related drug  
8 paraphernalia may be forfeited to the state as provided under  
9 Subchapter E, Chapter 481.

10 (d) Chapter 2001, Government Code, applies to a proceeding  
11 under this section.

12 Sec. 491.0157. CRIMINAL HISTORY BACKGROUND CHECK. (a) In  
13 addition to satisfying the other requirements provided by  
14 commission rule under this chapter, an applicant for a license  
15 under this chapter must submit to the department a complete and  
16 legible set of fingerprints, on a form prescribed by the  
17 commission, for the purpose of obtaining criminal history record  
18 information from the Department of Public Safety and the Federal  
19 Bureau of Investigation.

20 (b) The department may deny a license to an applicant who  
21 does not comply with the requirement of Subsection (a). Issuance of  
22 a license by the department is conditioned on the department  
23 obtaining the applicant's criminal history record information  
24 under this section.

25 (c) The commission by rule shall establish criteria for  
26 determining whether a person passes the criminal history background  
27 check for purposes of this section. The rules adopted under this

1 section may not disqualify a person for licensure solely for a  
2 conviction of an offense that involves the possession of marihuana  
3 or the delivery of marihuana to a person 18 years of age or older.

4 SUBCHAPTER E. DUTIES OF LICENSE HOLDERS

5 Sec. 491.0201. DUTIES RELATING TO DISPENSING CANNABIS OR  
6 CANNABIS PRODUCTS. Before dispensing cannabis or cannabis products  
7 to an adult, a cannabis establishment must make reasonable efforts  
8 to verify that:

9 (1) the person receiving the cannabis or cannabis  
10 product is an adult;

11 (2) the cannabis or cannabis product complies with  
12 department testing and labeling rules; and

13 (3) the amount dispensed is not greater than the  
14 amount of cannabis or cannabis product allowed for personal use as  
15 provided by Section 491.0051.

16 Sec. 491.0202. DUTIES RELATING TO SECURITY. (a) A license  
17 holder shall ensure that the cultivation, processing, sale, or  
18 display of cannabis, cannabis products, and cannabis-related drug  
19 paraphernalia is not visible from a public place without the use of  
20 optical aids or aircraft.

21 (b) A license holder may not cultivate, process, store, or  
22 sell cannabis, cannabis products, or cannabis-related drug  
23 paraphernalia at a location other than the physical address  
24 approved by the department for the establishment under the license  
25 issued to the establishment under this chapter.

26 (c) A license holder shall adopt reasonable security  
27 measures necessary to restrict access to areas where cannabis,

1 cannabis products, or cannabis-related drug paraphernalia are  
2 stored and to prevent theft of cannabis, cannabis products, and  
3 cannabis-related drug paraphernalia.

4 Sec. 491.0203. LICENSE HOLDER OPERATIONS. (a) A license  
5 holder may not employ or otherwise accept the services of a person  
6 younger than 21 years of age.

7 (b) A cannabis establishment may not sell tobacco products,  
8 as defined by Section 155.001, Tax Code.

9 Sec. 491.0204. MONTHLY SALES REPORT. A cannabis  
10 establishment shall monthly submit a report to the comptroller  
11 specifying the amount of cannabis sold, the number of cannabis  
12 products sold, the number and types of cannabis-related drug  
13 paraphernalia sold, and the amount of money collected in sales by  
14 the establishment during the preceding month.

15 SUBCHAPTER F. FUNDING FOR REGULATION

16 Sec. 491.0251. CANNABIS REGULATION ACCOUNT. (a) The  
17 cannabis regulation account is an account in the general revenue  
18 fund administered by the department.

19 (b) The account consists of fees deposited to the credit of  
20 the account under Section 491.0102.

21 (c) Money in the account may be appropriated only to the  
22 department for implementing and administering this chapter.

23 SUBCHAPTER G. LOCAL REGULATION

24 Sec. 491.0301. LOCAL AUTHORIZATION REQUIRED. A license  
25 holder under this chapter may not operate in a county without the  
26 authorization of an election held under this subchapter.

27 Sec. 491.0302. ELECTION. (a) The commissioners court of a

1 county may order an election to approve the operation of cannabis  
2 growers, cannabis establishments, or cannabis testing facilities  
3 in the county.

4 (b) A commissioners court of a county shall hold the  
5 election on the first authorized uniform election date prescribed  
6 by Chapter 41, Election Code, that allows sufficient time for  
7 compliance with any requirements established by law.

8 (c) The ballot in the election shall be printed to provide  
9 for voting for or against the proposition: "Authorizing (cannabis  
10 growers, cannabis establishments, or cannabis testing facilities,  
11 as applicable) to operate in (name of county)."

12 Sec. 491.0303. LOCAL REGULATION. A county that authorizes  
13 the operation of cannabis growers, cannabis establishments, or  
14 cannabis testing facilities in the county may adopt regulations  
15 consistent with this chapter governing the hours of operation,  
16 location, manner of conducting business, and number of cannabis  
17 growers, cannabis establishments, or cannabis testing facilities.

18 SUBCHAPTER H. PROHIBITED SALE OR DISTRIBUTION OF CANNABIS OR  
19 CANNABIS PRODUCT TO MINORS

20 Sec. 491.0351. DEFINITION. In this subchapter, "minor"  
21 means a person younger than 21 years of age.

22 Sec. 491.0352. PROHIBITED SALE OR DISTRIBUTION OF CANNABIS  
23 OR CANNABIS PRODUCT TO MINORS; PROOF OF AGE REQUIRED. (a) A person  
24 commits an offense if the person, under the authority of this  
25 chapter:

26 (1) sells, gives, or causes to be sold or given  
27 cannabis or cannabis products to a minor; or



1           (2) sells, gives, or causes to be sold or given  
2 cannabis or cannabis products to another person who intends to  
3 deliver the cannabis or cannabis products to a minor.

4           (b) If an offense under this section occurs in connection  
5 with a sale by an employee of the owner of a cannabis establishment,  
6 the employee is criminally responsible for the offense and is  
7 subject to prosecution.

8           (c) An offense under this section is a Class C misdemeanor.

9           (d) It is a defense to prosecution under Subsection (a)(1)  
10 that the person to whom the cannabis or cannabis products were sold  
11 or given presented to the defendant apparently valid proof of  
12 identification.

13           (e) A proof of identification satisfies the requirements of  
14 Subsection (d) if it contains a physical description and photograph  
15 consistent with the person's appearance, purports to establish that  
16 the person is 21 years of age or older, and was issued by a  
17 governmental agency. The proof of identification may include a  
18 driver's license issued by this state or another state, a passport,  
19 or an identification card issued by a state or the federal  
20 government.

21           SECTION 2. Section [122.103](#)(c), Agriculture Code, is amended  
22 to read as follows:

23           (c) A qualified applicant who along with the application  
24 submits proof to the department that the applicant holds a license  
25 under Chapter [487](#) or [491](#), Health and Safety Code, is not required to  
26 pay an application fee, and the department shall issue the license  
27 to the applicant within the time prescribed by Subsection (b).

1 SECTION 3. Section 411.093(a), Government Code, is amended  
2 to read as follows:

3 (a) The Texas Department of Licensing and Regulation is  
4 entitled to obtain criminal history record information as provided  
5 by Subsection (b) that relates to:

6 (1) an applicant for or the holder of:

7 (A) a driver education instructor license under  
8 Chapter 1001, Education Code;

9 (B) a license under Chapter 202, Occupations  
10 Code;

11 (C) a license under Chapter 401, Occupations  
12 Code;

13 (D) a license under Chapter 402, Occupations  
14 Code; or

15 (E) an instructor license or motorcycle school  
16 license under Chapter 662, Transportation Code;

17 (2) a person who is:

18 (A) an applicant for or the holder of a license  
19 under Chapter 91, Labor Code; or

20 (B) a controlling person, as defined by Chapter  
21 91, Labor Code, of an entity described by Paragraph (A); ~~or~~

22 (3) a person who:

23 (A) is an applicant for or the holder of a license  
24 under Chapter 455, Occupations Code; or

25 (B) has an interest described under Section  
26 455.1525(e), Occupations Code, in an entity described by Paragraph

27 (A); or

1           (4) a person who is an applicant for or holds a license  
2 issued under Chapter 491, Health and Safety Code, to be a cannabis  
3 grower, cannabis establishment, cannabis secure transporter, or  
4 cannabis testing facility, as defined by Section 491.0001, Health  
5 and Safety Code.

6           SECTION 4. Section 443.202(a), Health and Safety Code, is  
7 amended to read as follows:

8           (a) This section does not apply to low-THC cannabis  
9 regulated under Chapter 487 or cannabis regulated under Chapter  
10 491.

11           SECTION 5. Section 443.2025(a), Health and Safety Code, is  
12 amended to read as follows:

13           (a) This section does not apply to low-THC cannabis  
14 regulated under Chapter 487 or cannabis regulated under Chapter  
15 491.

16           SECTION 6. Section 481.062, Health and Safety Code, is  
17 amended to read as follows:

18           Sec. 481.062. EXEMPTIONS. (a) The following persons are  
19 not required to register and may possess a controlled substance  
20 under this chapter [~~without registering with the Federal Drug~~  
21 ~~Enforcement Administration~~]:

22           (1) an agent or employee of a registered manufacturer,  
23 distributor, analyzer, or dispenser of the controlled substance  
24 [~~who is registered with the Federal Drug Enforcement Administration~~  
25 ~~and~~] acting in the usual course of business or employment;

26           (2) a common or contract carrier, a warehouseman, or  
27 an employee of a carrier or warehouseman whose possession of the

1 controlled substance is in the usual course of business or  
2 employment;

3 (3) an ultimate user or a person in possession of the  
4 controlled substance under a lawful order of a practitioner or in  
5 lawful possession of the controlled substance if it is listed in  
6 Schedule V;

7 (4) an officer or employee of this state, another  
8 state, a political subdivision of this state or another state, or  
9 the United States who is lawfully engaged in the enforcement of a  
10 law relating to a controlled substance or drug or to a customs law  
11 and authorized to possess the controlled substance in the discharge  
12 of the person's official duties;

13 (5) if the substance is tetrahydrocannabinol or one of  
14 its derivatives:

15 (A) a Department of State Health Services  
16 official, a medical school researcher, or a research program  
17 participant possessing the substance as authorized under  
18 Subchapter G; or

19 (B) a practitioner or an ultimate user possessing  
20 the substance as a participant in a federally approved therapeutic  
21 research program that the commissioner has reviewed and found, in  
22 writing, to contain a medically responsible research protocol; ~~or~~

23 (6) a dispensing organization licensed under Chapter  
24 487 that possesses low-THC cannabis;

25 (7) a cannabis grower, cannabis establishment,  
26 cannabis secure transporter, or cannabis testing facility licensed  
27 under Chapter 491 that possesses cannabis or cannabis products; or

1           (8) a person who possesses cannabis or cannabis  
2 products in accordance with Chapter 491.

3           (b) In this section, "cannabis" and "cannabis product" have  
4 the meanings assigned to those terms by Section 491.0001.

5           SECTION 7. Section 481.111, Health and Safety Code, is  
6 amended by adding Subsections (g) and (h) to read as follows:

7           (g) Sections 481.113, 481.116, 481.120, 481.121, and  
8 481.125 do not apply to a person who engages in the acquisition,  
9 possession, production, processing, cultivation, delivery,  
10 transportation, disposal, transfer, or use of a raw material used  
11 in or by-product created by the production or cultivation of  
12 cannabis or cannabis products if the conduct is expressly  
13 authorized by Subchapter B, Chapter 491.

14           (h) For purposes of Subsection (g), "cannabis" and  
15 "cannabis product" have the meanings assigned to those terms by  
16 Section 491.0001.

17           SECTION 8. Section 551.004, Occupations Code, is amended by  
18 amending Subsection (a) and adding Subsection (a-1) to read as  
19 follows:

20           (a) This subtitle does not apply to:

21                   (1) a practitioner licensed by the appropriate state  
22 board who supplies a patient of the practitioner with a drug in a  
23 manner authorized by state or federal law and who does not operate a  
24 pharmacy for the retailing of prescription drugs;

25                   (2) a member of the faculty of a college of pharmacy  
26 recognized by the board who is a pharmacist and who performs the  
27 pharmacist's services only for the benefit of the college;

1 (3) a person who procures prescription drugs for  
2 lawful research, teaching, or testing and not for resale;

3 (4) a home and community support services agency that  
4 possesses a dangerous drug as authorized by Section 142.0061,  
5 142.0062, or 142.0063, Health and Safety Code; ~~[or]~~

6 (5) a dispensing organization~~[, as defined by Section~~  
7 ~~487.001, Health and Safety Code,~~] that cultivates, processes, and  
8 dispenses low-THC cannabis, as authorized by Chapter 487, Health  
9 and Safety Code, to a patient listed in the compassionate-use  
10 registry established under that chapter;

11 (6) a cannabis grower, cannabis establishment,  
12 cannabis secure transporter, or cannabis testing facility licensed  
13 under Chapter 491, Health and Safety Code, that cultivates,  
14 manufactures, processes, distributes, delivers sells, tests,  
15 transports, or dispenses cannabis or a cannabis product as  
16 authorized by that chapter; or

17 (7) a person who transfers cannabis without  
18 remuneration as authorized by Section 491.0051, Health and Safety  
19 Code.

20 (a-1) For purposes of this section:

21 (1) "Cannabis," "cannabis establishment," "cannabis  
22 grower," "cannabis product," "cannabis secure transporter," and  
23 "cannabis testing facility" have the meanings assigned by Section  
24 491.0001, Health and Safety Code.

25 (2) "Dispensing organization" and "low-THC cannabis"  
26 have the meanings assigned by Section 487.001, Health and Safety  
27 Code.

1           SECTION 9. (a) Not later than July 1, 2026, the Texas  
2 Commission of Licensing and Regulation shall adopt rules as  
3 required to implement, administer, and enforce Chapter 491, Health  
4 and Safety Code, as added by this Act.

5           (b) Not later than November 1, 2026, the Texas Department of  
6 Licensing and Regulation shall begin licensing cannabis growers,  
7 cannabis establishments, cannabis secure transporters, and  
8 cannabis testing facilities in accordance with Chapter 491, Health  
9 and Safety Code, as added by this Act, provided that the applicants  
10 for a license have met all requirements for approval under Chapter  
11 491, Health and Safety Code, as added by this Act.

12           SECTION 10. This Act takes effect September 1, 2025.