

By: West

S.B. No. 269

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the regulation of the cultivation, manufacture,
3 processing, distribution, sale, testing, transportation, delivery,
4 transfer, possession, and use of cannabis and cannabis products and
5 the allocation of tax revenue derived from cannabis and cannabis
6 products; authorizing the imposition of fees; requiring an
7 occupational license; creating a criminal offense.

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

9 SECTION 1. This Act may be cited as the Texas Regulation of
10 Cannabis Act.

11 SECTION 2. Subtitle C, Title 6, Health and Safety Code, is
12 amended by adding Chapter 491 to read as follows:

13 CHAPTER 491. REGULATION OF CANNABIS

14 SUBCHAPTER A. GENERAL PROVISIONS

15 Sec. 491.0001. DEFINITIONS. In this chapter:

16 (1) "Adult" means an individual 21 years of age or
17 older.

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

23 (A) the mature stalks of the plant or fiber
24 produced from the stalks;

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

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

4 or

5 (D) the sterilized seeds of the plant that are
6 incapable of beginning germination.

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 rule of the commission as the allowable amount of
8 cannabis 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 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 department 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 must hold a
5 license issued by the department under this chapter to operate as a
6 cannabis grower, cannabis establishment, cannabis secure
7 transporter, or cannabis testing facility.

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 the commission.

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 for the class of license sought established under

1 Section 491.0152; 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 the department in accordance with Section 411.511,
9 Government 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 that the license holder
17 has 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 drug paraphernalia until the time for
5 administrative appeal of the order has elapsed or until all appeals
6 have been concluded. When a revocation order becomes final, all
7 cannabis, cannabis products, and drug paraphernalia may be
8 forfeited to the state as provided under Subchapter E, Chapter 481.

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

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

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

24 (c) The commission by rule shall establish criteria for
25 determining whether a person passes the criminal history background
26 check for purposes of this section. The rules adopted under this
27 section may not disqualify a person for licensure solely for a

1 conviction of an offense that involves the possession of marihuana
2 or the delivery of marihuana to a person 18 years of age or older.

3 SUBCHAPTER E. DUTIES OF LICENSE HOLDERS

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

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

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

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

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

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

25 (c) A license holder shall adopt reasonable security
26 measures necessary to restrict access to areas where cannabis,
27 cannabis products, or cannabis-related drug paraphernalia are

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

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

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

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

14 SUBCHAPTER F. FUNDING FOR REGULATION, TESTING, AND QUALITY CONTROL

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

18 (b) The account consists of:

19 (1) money deposited to the credit of the account under
20 Section 151.801, Tax Code; and

21 (2) fees deposited to the credit of the account under
22 Section 491.0102.

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

25 Sec. 491.0252. CANNABIS TESTING AND QUALITY CONTROL
26 ACCOUNT. (a) The cannabis testing and quality control account is
27 an account in the general revenue fund administered by the

1 Department of Public Safety.

2 (b) The account consists of money deposited to the credit of
3 the account under Section 151.801, Tax Code.

4 (c) Money in the account may be appropriated only to the
5 Department of Public Safety for monitoring compliance with testing
6 and quality control requirements imposed on license holders by this
7 chapter or by commission rules adopted under this chapter.

8 SUBCHAPTER G. LOCAL REGULATION

9 Sec. 491.0301. PROHIBITED LOCAL REGULATION. A political
10 subdivision of this state may not enact, adopt, or enforce a rule,
11 ordinance, order, resolution, or other regulation that prohibits or
12 unreasonably restricts the cultivation, production, processing,
13 dispensing, transportation, or possession of cannabis or cannabis
14 products or the operation of a cannabis grower, cannabis
15 establishment, cannabis secure transporter, or cannabis testing
16 facility as authorized by this chapter.

17 Sec. 491.0302. PERMISSIBLE LOCAL REGULATION. A political
18 subdivision may adopt regulations consistent with this chapter
19 governing the hours of operation, location, manner of conducting
20 business, and number of cannabis growers, cannabis establishments,
21 or cannabis testing facilities.

22 SUBCHAPTER H. SALE OR DISTRIBUTION OF CANNABIS OR CANNABIS PRODUCT
23 TO MINORS PROHIBITED

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

26 Sec. 491.0352. SALE OR DISTRIBUTION OF CANNABIS OR CANNABIS
27 PRODUCT TO MINORS PROHIBITED; PROOF OF AGE REQUIRED. (a) A person

1 commits an offense if the person, under the authority of this
2 chapter:

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

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

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

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

13 (d) It is a defense to prosecution under Subsection (a)(1)
14 that the person to whom the cannabis or cannabis products were sold
15 or given presented to the defendant apparently valid proof of
16 identification.

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

25 SECTION 3. Section 122.103(c), Agriculture Code, is amended
26 to read as follows:

27 (c) A qualified applicant who along with the application

1 submits proof to the department that the applicant holds a license
2 under Chapter [487](#) or [491](#), Health and Safety Code, is not required to
3 pay an application fee, and the department shall issue the license
4 to the applicant within the time prescribed by Subsection (b).

5 SECTION 4. Subchapter [F](#), Chapter [48](#), Education Code, is
6 amended by adding Section 48.280 to read as follows:

7 Sec. 48.280. PUBLIC SCHOOL TEACHER SALARY SUPPORT ACCOUNT.

8 (a) The public school teacher salary support account is an account
9 in the general revenue fund administered by the agency.

10 (b) The account consists of money deposited to the account
11 under Section [151.801](#), Tax Code.

12 (c) Money in the account may be appropriated only to the
13 agency for the purpose of increasing public school teacher
14 compensation.

15 SECTION 5. Section [411.0891](#)(a), Government Code, is amended
16 to read as follows:

17 (a) Subject to Section [411.087](#), the department is
18 authorized to obtain and use criminal history record information
19 maintained by the Federal Bureau of Investigation or the department
20 that relates to a person who:

21 (1) is an applicant for or holds a registration issued
22 by the director under Subchapter [C](#), Chapter [481](#), Health and Safety
23 Code, that authorizes the person to manufacture, distribute,
24 analyze, or conduct research with a controlled substance;

25 (2) is an applicant for or holds a registration issued
26 by the department under Chapter [487](#), Health and Safety Code, to be a
27 director, manager, or employee of a dispensing organization, as

1 defined by Section 487.001, Health and Safety Code;

2 (2-a) is an applicant for or holds a license issued by
3 the department under Chapter 491, Health and Safety Code, to be a
4 cannabis grower, cannabis establishment, cannabis secure
5 transporter, or cannabis testing facility, as defined by Section
6 491.0001, Health and Safety Code;

7 (3) is an applicant for or holds an authorization
8 issued by the department under Section 521.2476, Transportation
9 Code, to do business in this state as a vendor of ignition interlock
10 devices;

11 (4) is an applicant for or holds certification by the
12 department as an inspection station or an inspector under
13 Subchapter G, Chapter 548, Transportation Code, holds an inspection
14 station or inspector certificate issued under that subchapter, or
15 is the owner of an inspection station operating under that chapter;
16 or

17 (5) is an applicant for or holds a certificate of
18 registration issued by the department under Chapter 1956,
19 Occupations Code, to act as a metal recycling entity.

20 SECTION 6. Section 411.502, Government Code, is amended to
21 read as follows:

22 Sec. 411.502. APPLICABILITY. This subchapter applies to a
23 program, and persons regulated under the program, administered by
24 the department under the following laws, including rules adopted
25 under those laws:

26 (1) Section 411.0625;

27 (2) Chapter 487, Health and Safety Code;

1 (2-a) Chapter 491, Health and Safety Code;

2 (3) Chapter 1702, Occupations Code;

3 (4) Chapter 1956, Occupations Code;

4 (5) Section 521.2476, Transportation Code; and

5 (6) Subchapter G, Chapter 548, Transportation Code.

6 SECTION 7. 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 8. 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 9. 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 10. Section [481.111](#), Health and Safety Code, is
6 amended by adding Subsections (g) and (h) to read as follows:

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

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

16 SECTION 11. Section [551.004](#), Occupations Code, is amended
17 by amending Subsection (a) and adding Subsection (a-1) to read as
18 follows:

19 (a) This subtitle does not apply to:

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

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

27 (3) a person who procures prescription drugs for

1 lawful research, teaching, or testing and not for resale;

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

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

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

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

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

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

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

27 SECTION 12. Section 151.801, Tax Code, is amended by

1 amending Subsection (a) and adding Subsection (c-5) to read as
2 follows:

3 (a) Except as otherwise provided by this section [~~for the~~
4 ~~amounts allocated under Subsections (b), (c), (c-2), and (c-3)]~~,
5 all proceeds from the collection of the taxes imposed by this
6 chapter shall be deposited to the credit of the general revenue
7 fund.

8 (c-5) The proceeds from the collection of the taxes imposed
9 by this chapter on the sale, storage, use, or other consumption of
10 cannabis and cannabis products shall be deposited as follows:

11 (1) 33 percent to the credit of the cannabis
12 regulation account under Section 491.0251, Health and Safety Code;

13 (2) 33 percent to the credit of the cannabis testing
14 and quality control account under Section 491.0252, Health and
15 Safety Code; and

16 (3) the remainder to the credit of the public school
17 teacher salary support account under Section 48.280, Education
18 Code.

19 SECTION 13. Section 151.801(d), Tax Code, as effective
20 September 1, 2021, is amended to read as follows:

21 (d) The comptroller shall determine the amount to be
22 deposited to the state highway fund under Subsection (b) according
23 to available statistical data indicating the estimated average or
24 actual consumption or sales of lubricants used to propel motor
25 vehicles over the public roadways. The comptroller shall determine
26 the amounts to be deposited to the accounts under Subsection (c)
27 according to available statistical data indicating the estimated or

1 actual total receipts in this state from taxable sales of sporting
2 goods, and according to the specific amounts provided in the
3 General Appropriations Act in accordance with Subsection (c-1).
4 The comptroller shall determine the amount to be deposited to the
5 fund under Subsection (c-2) according to available statistical data
6 indicating the estimated or actual total receipts in this state
7 from taxes imposed on sales at retail of fireworks. The comptroller
8 shall determine the amount to be deposited to the account under
9 Subsection (c-3) according to available statistical data
10 indicating the estimated or actual total receipts in this state
11 from taxable sales of horse feed, horse supplements, horse tack,
12 horse bedding and grooming supplies, and other taxable expenditures
13 directly related to horse ownership, riding, or boarding. The
14 comptroller shall determine the amounts to be deposited to the
15 accounts under Subsection (c-5) according to available statistical
16 data indicating the estimated or actual total receipts in this
17 state from taxable sales of cannabis and cannabis products. If
18 satisfactory data are not available, the comptroller may require
19 taxpayers who make taxable sales or uses of those lubricants, of
20 sporting goods, of fireworks, [~~or~~] of horse feed, horse
21 supplements, horse tack, horse bedding and grooming supplies, or
22 other taxable expenditures directly related to horse ownership,
23 riding, or boarding, or of cannabis and cannabis products to report
24 to the comptroller as necessary to make the allocation required by
25 Subsection (b), (c), (c-2), [~~or~~] (c-3), or (c-5).

26 SECTION 14. Section 151.801(e), Tax Code, is amended by
27 adding Subdivision (6) to read as follows:

1 (6) "Cannabis" and "cannabis product" have the
2 meanings assigned by Section 491.0001, Health and Safety Code.

3 SECTION 15. (a) Not later than July 1, 2022, the Texas
4 Commission of Licensing and Regulation shall adopt rules as
5 required to implement, administer, and enforce Chapter 491, Health
6 and Safety Code, as added by this Act.

7 (b) Not later than November 1, 2022, the Texas Department of
8 Licensing and Regulation shall begin licensing cannabis growers,
9 cannabis establishments, cannabis secure transporters, and
10 cannabis testing facilities in accordance with Chapter 491, Health
11 and Safety Code, as added by this Act, provided that the applicants
12 for a license have met all requirements for approval under Chapter
13 491, Health and Safety Code, as added by this Act.

14 SECTION 16. The changes in law made by this Act do not
15 affect tax liability accruing before the effective date of this
16 Act. That liability continues in effect as if this Act had not been
17 enacted, and the former law is continued in effect for the
18 collection of taxes due and for civil and criminal enforcement of
19 the liability for those taxes.

20 SECTION 17. This Act takes effect September 1, 2021.