

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

No equivalent provision.

SECTION 1. Section 121.003, Agriculture Code, is amended by adding Subsection (e) to read as follows:

(e) Not later than the 90th day after the date a change to a state statute, federal statute, or federal regulation takes effect, the department shall submit to the secretary of the United States Department of Agriculture any amendments to the state plan necessary to incorporate and implement the change.

SECTION 2. Subchapter A, Chapter 122, Agriculture Code, is amended by adding Section 122.005 to read as follows:  
Sec. 122.005. HEMP RESEARCH BY INSTITUTIONS OF HIGHER EDUCATION. (a) The department shall issue a license to an institution of higher education in this state that

SENATE VERSION (IE)

SECTION \_\_. Section 41.002(1), Agriculture Code, is amended to read as follows:

(1) "Agricultural commodity" means an agricultural, horticultural, viticultural, or vegetable product, bees and honey, planting seed, rice, hemp, livestock or livestock product, or poultry or poultry product, produced in this state, either in its natural state or as processed by the producer. The term does not include flax. [FA2]

SECTION 1. Section 122.001(5), Agriculture Code, is amended to read as follows:

(5) "Institution of higher education" and "private or independent institution of higher education" have [has] the meanings [meaning] assigned by Section 61.003, Education Code.

SECTION 2. Section 121.003, Agriculture Code, is amended by adding Subsection (e) to read as follows:

(e) Not later than the 120th day after the date a change to a state statute, federal statute, or federal regulation takes effect, the department shall submit to the secretary of the United States Department of Agriculture any amendments to the state plan necessary to incorporate and implement the change.

SECTION 3. Subchapter A, Chapter 122, Agriculture Code, is amended by adding Section 122.005 to read as follows:  
Sec. 122.005. HEMP RESEARCH BY INSTITUTIONS OF HIGHER EDUCATION. (a) The department shall issue a license to an institution of higher education or private or

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

requests the license.

(b) Notwithstanding any provision of this chapter or department rule other than Subsection (c), an institution of higher education conducting research involving hemp:

(1) is not required to pay a fee collected by the department under this chapter;

(2) is not required to obtain from the department a lot crop permit or other permit for each location where hemp is grown;

(3) is not required to obtain preharvest testing under Section 122.153 before harvesting plants, except as provided by Subsection (c);

(4) may use hemp seed and cultivate and handle plants grown from seed that is not certified or approved under Section 122.252; and

(5) is not subject to Section 122.403(c) or (d).

(c) An institution of higher education may not sell or transfer hemp to another person unless the institution complies with the requirements of Sections 122.153 and 122.356.

SENATE VERSION (IE)

independent institution of higher education in this state that requests the license.

(b) Notwithstanding any provision of this chapter or department rule other than Subsection (c):

(1) an institution of higher education conducting research involving hemp is not required to pay a fee collected by the department under this chapter; and

(2) an institution of higher education or private or independent institution of higher education conducting research involving hemp:

(A) is not required to obtain from the department a lot crop permit or other permit for each location where hemp is grown;

(B) is not required to obtain preharvest testing under Section 122.153 before harvesting plants, except as provided by Subsection (c);

(C) may cultivate and handle varieties of hemp seed and plants that are not certified or approved under Section 122.252;

(D) may collect and research feral hemp; and

(E) is not subject to Section 122.403(c) or (d).

(c) An institution of higher education or private or independent institution of higher education may not sell or transfer hemp to another person unless the institution complies with the requirements of Sections 122.153 and 122.356.

(d) An institution of higher education or private or independent institution of higher education may conduct research involving hemp in conjunction with a license holder at a facility designated by the license holder for research use only.

(e) Subsections (b)(2) and (c) apply to a license holder and facility described by Subsection (d).

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 3. Section 122.051, Agriculture Code, is amended by adding Subsection (c) to read as follows:

(c) Not later than the 90th day after the date a change to this chapter, a federal statute, or a federal regulation takes effect, the department shall propose any rules necessary to incorporate and implement the change.

No equivalent provision.

SECTION 4. Section 122.151, Agriculture Code, is amended by adding Subsection (g) to read as follows:

(g) A laboratory that performs testing required by this chapter shall report the delta-9 tetrahydrocannabinol concentration, the total tetrahydrocannabinol concentration, and the concentration of any other federally regulated cannabinoid of the sample on a dry weight basis and the measurement of uncertainty in the test result. The measurement of uncertainty must comply with International Organization for Standardization ISO/IEC 17025 or a comparable or successor standard. For purposes of this chapter, the delta-9

SENATE VERSION (IE)

SECTION 4. Same as House version.

SECTION 5. Section 122.055, Agriculture Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) The department by rule may adopt a different shipping certificate, cargo manifest, or other requirement for the shipment or transportation of a sample of hemp to:

(1) a testing laboratory; or

(2) another destination if the sample contains not more than 15 grams of hemp and is accompanied by the results of a laboratory test indicating the delta-9 tetrahydrocannabinol concentration of the lot or plot from which the sample was taken.

SECTION 6. Section 122.151, Agriculture Code, is amended by adding Subsection (g) to read as follows:

(g) A laboratory that performs testing required by this chapter shall report the delta-9 tetrahydrocannabinol concentration, the total tetrahydrocannabinol concentration, and the concentration of any other federally regulated cannabinoid of the sample on a dry weight basis and the measurement of uncertainty in the test result. The measurement of uncertainty must comply with International Organization for Standardization ISO/IEC 17025 or a comparable or successor standard and any provisions of federal law governing the

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

tetrahydrocannabinol concentration of the sample is the lowest possible value given that measurement of uncertainty.

SECTION 5. Section 122.201(a), Agriculture Code, is amended to read as follows:

(a) A license holder shall harvest the plants from a plot not later than the 30th [~~20th~~] day after the date a preharvest sample is collected under Section 122.154 unless field conditions delay harvesting or the department authorizes the license holder to delay harvesting. This subsection does not prohibit the license holder from harvesting the plants immediately after the preharvest sample is collected.

No equivalent provision.

SECTION 6. Subchapter E, Chapter 122, Agriculture Code, is amended by adding Section 122.203 to read as follows:

Sec. 122.203. HARVEST WHILE LICENSE SUSPENDED OR REVOKED. (a) A person whose license is suspended or revoked after planting hemp plants may obtain preharvest or postharvest testing under Subchapter D and may harvest the plants under Section 122.201 in the same manner as a license holder.

(b) While a person's license is suspended or revoked, the

SENATE VERSION (IE)

measurement of uncertainty. For purposes of this chapter, the delta-9 tetrahydrocannabinol concentration of the sample is the lowest possible value given that measurement of uncertainty.

SECTION 7. Same as House version.

SECTION 8. Section 122.202, Agriculture Code, is amended by adding Subsection (c) to read as follows:

(c) The delta-9 tetrahydrocannabinol concentration shall be determined as provided by Section 122.151(g).

SECTION 9. Subchapter E, Chapter 122, Agriculture Code, is amended by adding Section 122.203 to read as follows:

Sec. 122.203. HARVEST WHILE LICENSE SUSPENDED OR REVOKED. (a) A person whose license is suspended or revoked after planting hemp plants may obtain preharvest or postharvest testing under Subchapter D and may harvest the plants under Section 122.201 in the same manner as a license holder.

(b) The department by rule shall establish fair and objective

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

department may:

(1) prohibit the person from selling or using plants harvested under Subsection (a); or

(2) if the delta-9 tetrahydrocannabinol concentration of the plants is not more than 0.3 percent on a dry weight basis, allow the person to sell or use plants harvested under Subsection (a) in the same manner as a license holder under Section 122.202.

(c) A person whose license is reinstated may sell or use plants harvested under Subsection (a) as provided by Section 122.202.

SECTION 7. The heading to Subchapter F, Chapter 122, Agriculture Code, is amended to read as follows:  
SUBCHAPTER F. HEMP SEED AND PLANTS

SECTION 8. Section 122.252, Agriculture Code, is amended to read as follows:

Sec. 122.252. CERTIFICATION OR APPROVAL OF SEED AND PLANT VARIETIES. (a) The department or an entity authorized to certify seed and plants under Chapter 62 shall identify and certify or approve varieties of seed and plants confirmed to produce hemp.

(b) The department or entity may not certify or approve a variety of hemp seed or plant if the variety [seed] is tested and

SENATE VERSION (IE)

standards for determining whether a person whose license is suspended or revoked may use or sell plants harvested under Subsection (a), based on the circumstances of the suspension or revocation. Based on those rules, the department shall:

(1) prohibit a person from selling or using plants harvested under Subsection (a) while the person's license is suspended or revoked; or

(2) if the delta-9 tetrahydrocannabinol concentration of the plants is not more than 0.3 percent on a dry weight basis, allow a person to sell or use plants harvested under Subsection (a) in the same manner as a license holder under Section 122.202 while the person's license is suspended or revoked.

(c) A person whose license is reinstated may sell or use plants harvested under Subsection (a) as provided by Section 122.202.

SECTION 10. Same as House version.

SECTION 11. Section 122.252, Agriculture Code, is amended to read as follows:

Sec. 122.252. CERTIFICATION OR APPROVAL OF SEED AND PLANT VARIETIES. (a) Subject to Subsection (b), ~~the~~ [The] department or an entity authorized to certify seed and plants under Chapter 62 shall identify and certify or approve varieties of seed and plants confirmed to produce hemp.

(b) The department or entity may not certify or approve a variety of hemp seed or plant if the variety [seed] is tested and

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

confirmed to produce a plant that has delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis. For purposes of this subsection, the department may partner with a private entity or an institution of higher education to test seed and plant varieties for the purpose of certification or approval under this section.

(c) The department may authorize the importation of hemp seed and plant varieties certified in accordance with the law of another state or jurisdiction that requires as a condition of certification that hemp be produced in compliance with:

(1) that state or jurisdiction's plan approved by the United States Department of Agriculture under 7 U.S.C. Section 1639p; or

(2) a plan established under 7 U.S.C. Section 1639q if that plan applies in the state or jurisdiction.

(d) The department shall maintain and make available to license holders a list of hemp seed and plant varieties [~~seeds~~] certified or approved under this section.

SECTION 9. Subchapter F, Chapter 122, Agriculture Code, is amended by adding Section 122.254 to read as follows:

Sec. 122.254. SEEDLINGS AND OTHER IMMATURE PLANTS. (a) In this section, "immature plant" means a hemp seedling, clone, or cutting that requires substantial cultivation and further growth before the beginning of the period under Section 122.201(a) when the plant may be harvested.

(b) A person may transport into this state, and a license holder may obtain and cultivate, immature plants propagated outside this state if the plants are accompanied by shipping documentation that:

SENATE VERSION (IE)

confirmed to produce a plant that has delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis. For purposes of this subsection, the department may partner with a private entity or an institution of higher education to test seed and plant varieties for the purpose of certification or approval under this section.

(c) The department may authorize the importation of hemp seed and plant varieties certified in accordance with the law of another state or jurisdiction that requires as a condition of certification that hemp be produced in compliance with:

(1) that state or jurisdiction's plan approved by the United States Department of Agriculture under 7 U.S.C. Section 1639p; or

(2) a plan established under 7 U.S.C. Section 1639q if that plan applies in the state or jurisdiction.

(d) The department shall maintain and make available to license holders a list of hemp seed and plant varieties [~~seeds~~] certified or approved under this section.

SECTION 12. Subchapter F, Chapter 122, Agriculture Code, is amended by adding Section 122.254 to read as follows:

Sec. 122.254. SEEDLINGS AND OTHER IMMATURE PLANTS. (a) In this section, "immature plant" means a hemp seedling, clone, or cutting that ~~is not flowering and~~ requires substantial cultivation and further growth before the beginning of the period under Section 122.201(a) when the plant may be harvested.

(b) A person may transport into this state, and a license holder may obtain and cultivate, immature plants propagated outside this state if the plants are accompanied by shipping documentation that:

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

- (1) complies with any requirements of the state of origin;
- (2) indicates the grower of the immature plants is licensed by the state of origin;
- (3) lists the recipient license holder in this state and the recipient's license number; and
- (4) shows that the variety of the immature plants is certified or approved under Section 122.252.

(c) A license holder may obtain and cultivate immature plants propagated in this state by another license holder if the plants are accompanied by the shipping certificate or cargo manifest required by Section 122.055 that shows that the variety of the immature plants is certified or approved under Section 122.252. The immature plants are not subject to preharvest testing under Section 122.153.

(d) A license holder may transplant immature plants propagated by the license holder from one plot to another plot controlled by the license holder. The department by rule shall waive the requirement that a license holder obtain a lot crop permit for and may not require a license holder to pay any fee for a greenhouse or other location used to propagate immature plants if the plants are transplanted to another plot controlled by the license holder and are not sold or transferred to another person. The department by rule may waive the requirement that a person obtain a shipping certificate or cargo manifest to transplant immature plants from one plot to another plot operated by the license holder.

SENATE VERSION (IE)

- (1) complies with any requirements of the state of origin;
- (2) indicates the grower of the immature plants is licensed by the state of origin;
- (3) lists the recipient license holder in this state and the recipient's license number; and
- (4) shows that the variety of the immature plants is certified or approved under Section 122.252.

(c) A license holder may obtain and cultivate immature plants propagated in this state by another license holder if the plants are accompanied by the shipping certificate or cargo manifest required by Section 122.055 that shows that the variety of the immature plants is certified or approved under Section 122.252. The immature plants are not subject to preharvest testing under Section 122.153. **The license holder shall maintain records, as required by the department, that match the lot crop permit number issued by the department for the location where the immature plants were propagated with the lot crop number for the location where the plants were cultivated.**

(d) A license holder may transplant immature plants propagated by the license holder from one plot to another plot controlled by the license holder. The department by rule shall waive the requirement that a license holder obtain a lot crop permit for and may not require a license holder to pay any fee for a greenhouse or other location used to propagate immature plants if the plants are transplanted to another plot controlled by the license holder and are not sold or transferred to another person. The department by rule may waive the requirement that a person obtain a shipping certificate or cargo manifest to transplant immature plants from one plot to another plot operated by the license holder.

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 10. Section 122.301, Agriculture Code, is amended by adding Subsection (c) to read as follows:

(c) Notwithstanding Subsection (b), a person may manufacture products described by that subsection in this state if:

(1) the products are sold only to persons located outside this state; and

(2) the person was manufacturing or processing consumable hemp products, as those terms are defined by Section 443.001, Health and Safety Code, in this state on May 22, 2019.

No equivalent provision.

No equivalent provision.

SENATE VERSION (IE)

No equivalent provision.

SECTION 13. Section 122.403, Agriculture Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) If the department determines that a license holder negligently violated this chapter or a rule adopted under this chapter, the department shall enforce the violation in the manner provided by 7 U.S.C. Section 1639p(e) and 7 C.F.R. Section 990.6.

(e) A license holder is not subject to more than one negligent violation related to cultivation per calendar year.

SECTION 14. Subchapter I, Chapter 122, Agriculture Code, is amended by adding Section 122.4035 to read as follows:

Sec. 122.4035. PENALTIES FOR CULTIVATING HEMP WITHOUT A LICENSE; CRIMINAL OFFENSE. (a) On determining that a person violated Section 122.101, the department may:

(1) if the person has not previously received a penalty under this section:

CONFERENCE



**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

- (A) issue a written warning to the person;
- (B) impose an administrative penalty in the amount of \$500;
- (C) require the person to obtain a license; and
- (D) allow the person to continue to cultivate or handle the hemp plants that are the subject of the violation, harvest those plants, and, after obtaining the license, sell or use those plants as provided by Section 122.202;
- (2) if the person has received a penalty under Subdivision (1) for a previous violation but has not previously received a penalty under this subdivision:
  - (A) issue a second written warning to the person;
  - (B) impose an administrative penalty in the amount of \$500;
  - (C) require the person to obtain a license;
  - (D) seize and dispose of the hemp plants that are the subject of the violation; and
  - (E) require the person to reimburse the department for reasonable costs of disposal under Paragraph (D); and
- (3) if the person has received a penalty under Subdivision (2) or this subdivision for a previous violation:
  - (A) refer the matter to the appropriate prosecuting attorney for criminal prosecution under Subsection (b);
  - (B) seize and dispose of the hemp plants that are the subject of the violation; and
  - (C) require the person to reimburse the department for reasonable costs of disposal under Paragraph (B).
- (b) A person commits an offense if the person:
  - (1) violates Section 122.101; and
  - (2) has received a penalty under Subsection (a)(2) for a previous violation.
- (c) An offense under Subsection (b) is a Class B misdemeanor.

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

SECTION 11. Subchapter A, Chapter 443, Health and Safety Code, is amended by adding Section 443.005 to read as follows:

Sec. 443.005. CONSUMABLE HEMP PRODUCTS ACCOUNT. (a) The consumable hemp products account is an account in the general revenue fund administered by the department.

(b) The account consists of:

- (1) appropriations of money to the account by the legislature;
- (2) public or private gifts, grants, or donations, including federal funds, received for the account;
- (3) fees collected under this chapter or under Chapter 431 as it applies to consumable hemp products;

SENATE VERSION (IE)

SECTION \_\_. Section 141.008, Agriculture Code, is amended to read as follows:

Sec. 141.008. HEMP IN COMMERCIAL FEED. (a) The service shall ~~may~~ adopt rules authorizing, defining, and controlling the use of hemp and hemp products in commercial feed.

(b) Rules adopted under this section must authorize the use of hemp as commercial feed or an ingredient or component of commercial feed for:

(1) pets, specialty and exotic pets, horses, and other animals that are not intended for human consumption or for the production of animal byproducts intended for human consumption; and

(2) only to the extent authorized by the United States Food and Drug Administration, animals that are intended for human consumption or for the production of animal byproducts intended for human consumption. [FA2]

SECTION 15. Subchapter A, Chapter 443, Health and Safety Code, is amended by adding Sections 443.005 and 443.006 to read as follows:

Sec. 443.005. CONSUMABLE HEMP PRODUCTS ACCOUNT. (a) The consumable hemp products account is an account in the general revenue fund administered by the department.

(b) The account consists of:

- (1) appropriations of money to the account by the legislature;
- (2) public or private gifts, grants, or donations, including federal funds, received for the account;
- (3) fees collected under this chapter or under Chapter 431 as it applies to consumable hemp products;

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

- (4) interest and income earned on the investment of money in the account;
- (5) penalties for violations of this chapter or Chapter 431 as it applies to consumable hemp products; and
- (6) funds from any other source deposited in the account.
- (c) The department may accept appropriations and gifts, grants, or donations from any source to administer and enforce this chapter and Chapter 431 as it applies to consumable hemp products. Money received under this subsection shall be deposited in the account.
- (d) Money in the account may be appropriated only to the department for the administration and enforcement of this chapter and Chapter 431 as it applies to consumable hemp products.

SENATE VERSION (IE)

- (4) interest and income earned on the investment of money in the account;
- (5) penalties for violations of this chapter or Chapter 431 as it applies to consumable hemp products; and
- (6) funds from any other source deposited in the account.
- (c) The department may accept appropriations and gifts, grants, or donations from any source to administer and enforce this chapter and Chapter 431 as it applies to consumable hemp products. Money received under this subsection shall be deposited in the account.
- (d) Money in the account may be appropriated only to the department for the administration and enforcement of this chapter and Chapter 431 as it applies to consumable hemp products.

CONFERENCE

- Sec. 443.006. TETRAHYDROCANNABINOL CONTENT.
- (a) Notwithstanding any other law, a person may not manufacture, sell, or purchase a consumable hemp product in this state:
    - (1) that has a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis;
    - (2) that contains synthetically derived tetrahydrocannabinols, as defined by department rule, including synthetically derived acids, isomers, or salts of tetrahydrocannabinol;
    - (3) [Deleted by FA1(1)]
    - (4) that exceeds any federal limit for tetrahydrocannabinol; or
    - (5) if additional tetrahydrocannabinol in a concentration greater than 0.3 percent on a dry weight basis has been applied to the product.
  - (b) Chapter 481 prevails to the extent of any conflict with this section.

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 12. Section 443.103, Health and Safety Code, is amended to read as follows:

Sec. 443.103. APPLICATION; ISSUANCE. An individual or establishment may apply for a license under this subchapter by submitting an application to the department on a form and in the manner prescribed by the department. The application must be accompanied by:

- (1) ~~the physical address [a legal description]~~ of each location where the applicant intends to process hemp or manufacture consumable hemp products ~~[and the global positioning system coordinates for the perimeter of each location];~~
- (2) written consent from the applicant or the property owner if the applicant is not the property owner allowing the department, the Department of Public Safety, and any other state or local law enforcement agency to enter onto all premises where hemp is processed or consumable hemp products are manufactured to conduct a physical inspection or to ensure compliance with this chapter and rules adopted under this chapter;
- (3) any fees required by the department to be submitted with the application; and
- (4) any other information required by department rule.

SECTION 13. Subchapter C, Chapter 443, Health and Safety Code, is amended by adding Section 443.106 to read as follows:

Sec. 443.106. CHANGE OF OWNERSHIP. The department may modify a license held by an establishment in the event of a change in ownership of the establishment if:

- (1) the current owner and the new owner apply to the department for the modification;

SENATE VERSION (IE)

SECTION 16. Same as House version.

CONFERENCE

No equivalent provision.

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

(2) the new owner is not ineligible to hold the license under Section 443.102; and

(3) one party to the transaction submits any license modification fee to the department.

No equivalent provision.

SECTION 14. Section 443.152, Health and Safety Code, is amended by adding Subsection (d) to read as follows:

(d) The executive commissioner by rule may exclude a substance that is generally recognized as having no risk of contaminating a finished consumable hemp product, including a microorganism or other substance that is inevitably destroyed or removed while processing or manufacturing the product, from the testing required under Section 443.151.

SECTION 15. Section 443.201, Health and Safety Code, is amended by adding Subsection (c) to read as follows:

(c) A person may transport and deliver a consumable hemp product to a consumer who purchased the product in compliance with this chapter. The person transporting and delivering the consumable hemp product is not required to:

(1) obtain a license under Section 443.101, unless the person processes or manufactures the product delivered; or

(2) register under Section 443.2025, unless the person sells

SENATE VERSION (IE)

SECTION 17. Subchapter C, Chapter 443, Health and Safety Code, is amended by adding Section 443.106 to read as follows:

Sec. 443.106. EXPEDITED LICENSING PROCESS. The department by rule may provide an expedited licensing process for the purchaser of a business that requires a license.

SECTION 18. Same as House version.

SECTION 19. Same as House version.

CONFERENCE

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

the product delivered.

SECTION 16. Section 443.204, Health and Safety Code, is amended to read as follows:

Sec. 443.204. RULES RELATED TO SALE OF CONSUMABLE HEMP PRODUCTS. (a) Rules adopted by the executive commissioner regulating the sale of consumable hemp products must to the extent allowable by federal law reflect the following principles:

- (1) hemp-derived cannabinoids, including cannabidiol, are not considered controlled substances or adulterants;
- (2) products containing one or more hemp-derived cannabinoids, such as cannabidiol, intended for ingestion are considered foods, not controlled substances or adulterated products;
- (3) consumable hemp products must be packaged and labeled in the manner provided by Section 443.205; and
- (4) the processing or manufacturing of a consumable hemp product for smoking is prohibited.

(b) Notwithstanding Subsection (a)(4), a person may manufacture products described by that subsection in this state if:

- (1) the products are sold only to persons located outside this state; and
- (2) the person was manufacturing or processing consumable hemp products in this state on May 22, 2019.

No equivalent provision.

No equivalent provision.

SECTION 20. Section 443.2025, Health and Safety Code, is amended by amending Subsections (b), (d), and (f) and adding Subsection (d-1) to read as follows:

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(b) A person may not sell or distribute consumable hemp products containing cannabinoids to consumers [~~cannabidiol at retail~~] in this state, other than products generally recognized as safe by the United States Food and Drug Administration, unless the person registers with the department each location owned, operated, or controlled by the person at which those products are sold. A person is not required to register a location associated with an employee or independent contractor described by Subsection (d).

(d) A person is not required to register with the department under Subsection (b) if the person is:

- (1) an employee of a registrant; or
- (2) an independent contractor of a registrant who sells the registrant's products to consumers [~~at retail~~].

(d-1) A person is required to register with the department under Subsection (b) if the person, as an employee or independent contractor of a person located outside this state who is not a registrant, sells or distributes products covered by Subsection (b) in this state.

(f) The department by rule may adopt a registration fee schedule that establishes reasonable fee amounts for the registration of:

- (1) a single location at which consumable hemp products containing cannabinoids [~~cannabidiol~~] are sold; and
- (2) multiple locations at which consumable hemp products containing cannabinoids [~~cannabidiol~~] are sold under a single registration.

No equivalent provision.

SECTION 21. Section 443.203, Health and Safety Code, is amended by adding Subsection (c) to read as follows:

(c) A person who sells, offers for sale, or distributes a

**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

consumable hemp product commits a false, misleading, or deceptive act or practice actionable under Subchapter E, Chapter 17, Business & Commerce Code, if the person claims the product is made in this state and less than 75 percent of the hemp contained in the product was grown in this state by a person who holds a license under Chapter 122, Agriculture Code. [FA1(2)]

No equivalent provision.

SECTION 22. Section 443.205(a), Health and Safety Code, is amended to read as follows:

(a) Before a consumable hemp product, including hemp plant material, 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) batch identification number;
- (2) batch date;
- (3) product name;
- (4) a uniform resource locator (URL) that provides or links to a certificate of analysis for the product or each hemp-derived ingredient of the product;
- (5) the name of the product's manufacturer; and
- (6) a certification that the delta-9 tetrahydrocannabinol concentration of the product or each hemp-derived ingredient of the product is not more than 0.3 percent.

No equivalent provision.

SECTION 23. Section 122.403, Agriculture Code, as amended by this Act, and Section 122.4035, Agriculture Code, as added by this Act, apply only to conduct that occurs on or after the effective date of this Act. Conduct that



**House Bill 3948**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

occurred before that date is governed by the law in effect when the conduct occurred, and the former law is continued in effect for that purpose.

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

SECTION 24. Same as House version.