

BILL ANALYSIS

Senate Research Center
89S10571 CJD-F

S.B. 5
By: Perry
State Affairs
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 5 prohibits the sale of consumable hemp products that contain THC. Consumable hemp products that only contain cannabidiol (CBD) or cannabigerol (CBG) will remain legal. Products that remain legal under this bill will have to comply with a strict regulatory framework.

Also, S.B. 5 prohibits the sale of consumable hemp products to minors under 21, prohibits marketing consumable hemp products to minors, and requires legal consumable hemp products to be properly labeled and placed in tamper-evident, child-resistant, and resealable packaging. These new safety features will help ensure children are not accidentally exposed to any consumable hemp products.

Furthermore, S.B. 5 creates several new criminal offenses to prevent the sale of illegal products in this state.

As proposed, S.B. 5 amends current law relating to the regulation of certain products derived from hemp, including consumable hemp products and the hemp-derived cannabinoids contained in those products, requires occupational licenses and registrations, imposes fees, creates criminal offenses, and authorizes an administrative penalty.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the executive commissioner of the Health and Human Services Commission is modified in SECTION 4 (Section 443.051, Health and Safety Code) and SECTION 14 (Section 443.204, Health and Safety Code) of this bill.

Rulemaking authority previously granted to the Department of State Health Services is rescinded in SECTION 11 (Section 443.2025, Health and Safety Code) of this bill.

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Service Commission in SECTION 12 (Section 443.2026, Health and Safety Code) of this bill.

Rulemaking authority previously granted to the executive commissioner of the Health and Human Services Commission is rescinded in SECTION 20 (Section 443.201, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 431.011(a), Health and Safety Code, to delete existing text prohibiting an article regulated under Chapter 431 (Texas Food, Drug, and Cosmetic Act) from being deemed to be adulterated solely on the basis that the article is a consumable hemp product.

SECTION 2. Amends Section 443.001, Health and Safety Code, by amending Subdivision (1) and adding Subdivision (8-a), to redefine "consumable hemp product" and define "minor."

SECTION 3. Amends Chapter 443, Health and Safety Code, by adding Subchapter A-1, as follows:

SUBCHAPTER A-1. NONAPPLICABILITY

Sec. 443.021. LOW-THC CANNABIS. Provides that Chapter 443 (Manufacture, Distribution, and Sale of Consumable Hemp Products) does not apply to low-THC cannabis regulated under Chapter 487 (Texas Compassionate-Use Act).

Sec. 443.022. RESEARCH. Provides that this chapter does not apply to research on hemp conducted by certain entities.

Sec. 443.023. FEDERAL DESIGNATION. Provides that, other than certain subchapters, this chapter does not apply to a consumable hemp product if all of the hemp ingredients of the consumable hemp product are one or more of certain hemp seed-derived ingredients generally recognized as safe (GRAS) by the United States Food and Drug Administration for use in food.

Sec. 443.024. MEDICAL PRESCRIPTION. Provides that this chapter does not apply to a prescription drug or device, as defined by Section 551.003 (Definitions), Occupations Code.

Sec. 443.025. CULTIVATION OF HEMP. Provides that this chapter does not apply to the cultivation of hemp regulated under Chapter 122 (Cultivation of Hemp), Agriculture Code.

Sec. 443.026. TRANSPORTATION OF HEMP. Provides that this chapter does not apply to the transportation of hemp regulated under Chapter 122, Agriculture Code.

Sec. 443.027. NONCONSUMABLE HEMP PRODUCTS. Provides that this chapter does not apply to the manufacturing of a nonconsumable hemp product regulated under Chapter 122, Agriculture Code.

SECTION 4. Amends Section 443.051, Health and Safety Code, as follows:

Sec. 443.051. RULEMAKING AUTHORITY OF EXECUTIVE COMMISSIONER. Requires that rules and procedures adopted under this section be at least as stringent as, rather than consistent with, certain plans and regulations, including 7 U.S.C. Chapter 38, Subchapter VII, and federal regulations and guidelines adopted under that subchapter.

SECTION 5. Amends Subchapter C, Chapter 443, Health and Safety Code, by adding Section 443.1035, as follows:

Sec. 443.1035. LICENSING FEES. (a) Requires an applicant for a license under Subchapter C (Consumable Hemp Product Manufacture License) to pay an initial licensing fee to the Department of State Health Services (DSHS) in the amount of \$10,000 for each location where the applicant intends to process hemp or manufacture a consumable hemp product.

(b) Requires a license holder, before DSHS is authorized to renew a license as provided by Section 443.104 (Term; Renewal), to pay a renewal fee to DSHS in the amount of \$10,000 for each location where the applicant intends to process hemp or manufacture a consumable hemp product.

SECTION 6. Amends Section 443.104(b), Health and Safety Code, to require DSHS to renew a license if the license holder meets certain criteria, including if the license holder has not violated this chapter or a rule adopted under this chapter. Makes nonsubstantive changes.

SECTION 7. Amends Subchapter C, Chapter 443, Health and Safety Code, by adding Section 443.106, as follows:

Sec. 443.106. RESTRICTION ON MANUFACTURE OF CERTAIN CONSUMABLE HEMP PRODUCTS. Prohibits a license holder from manufacturing a consumable hemp

product that contains any amount of a cannabinoid other than cannabidiol or cannabigerol.

SECTION 8. Amends Section 443.151, Health and Safety Code, by amending Subsections (a), (b), and (d) and adding Subsections (d-1) and (d-2), as follows:

(a) Requires that a consumable hemp product be tested as provided by Subsections (b), (c), and (d), rather than as provided by Subsections (b) and (c) or Subsection (d).

(b) Requires that a sample representing a hemp plant, before the plant is processed or otherwise used in the manufacture of a consumable hemp product, be tested, as required by the executive commissioner of the Health and Human Services Commission (executive commissioner), to determine:

(1) the concentration and identity of the cannabinoids in the plant, rather than the concentration of various cannabinoids; and

(2) the presence or quantity of heavy metals, pesticides, microbial contamination, and any other substance prescribed by DSHS.

(d) Requires that a sample representing a consumable hemp product, before the product is sold at retail or otherwise introduced into commerce in this state, be tested:

(1) by a laboratory that is located in this state, registered with the United States Drug Enforcement Administration, and accredited by an accreditation body in accordance with International Organization for Standardization ISO/IEC 17025 or a comparable or successor standard to determine the identity and concentration of any cannabinoids contained in the product, rather than the delta-9 tetrahydrocannabinol concentration of the product; and

(2) by an appropriate laboratory to determine that the product does not contain a substance described by Subsection (b)(2), rather than Subsection (b), or (c) in a quantity prohibited for purposes of those subsections.

Deletes existing text creating an exception under Subsection (e).

(d-1) Requires that the testing required under Subsection (d) use post-decarboxylation, high-performance gas chromatography, high-performance liquid chromatography, or a similar method, provided that any testing method accounts for the conversion of tetrahydrocannabinolic acid into tetrahydrocannabinol to determine the total tetrahydrocannabinol concentration in a tested product.

(d-2) Requires a person that tests a consumable hemp product under Subsection (d) to report the test results to DSHS in the form and manner required by DSHS.

SECTION 9. Amends Sections 443.152(a) and (c), Health and Safety Code, as follows:

(a) Prohibits a consumable hemp product that contains any amount of a cannabinoid other than cannabidiol or cannabigerol, rather than that has a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent, from being sold at retail or otherwise introduced into commerce in this state.

(c) Provides that the seller of a consumable hemp product processed or manufactured by a license holder, if the results of testing required by Section 443.151 (Testing Required) are not able to be made available, is authorized to have the testing performed on the product and required to make the results available to a consumer and DSHS.

SECTION 10. Amends the heading to Section 443.2025, Health and Safety Code, as follows:

Sec. 443.2025. REGISTRATION REQUIRED FOR RETAILERS OF CERTAIN CONSUMABLE HEMP PRODUCTS.

SECTION 11. Amends Section 443.2025, Health and Safety Code, by amending Subsections (b), (d), and (f) and adding Subsections (h), (i), and (j), as follows:

(b) Prohibits a person from selling consumable hemp products containing a cannabinoid, rather than cannabidiol, at retail in this state unless the person registers with DSHS each location owned, operated, or controlled by the person at which those products are sold. Provides that a person is not required to register a location associated with an employee, rather than with an employee or independent contractor, described by Subsection (d).

(d) Provides that a person is not required to register with DSHS under Subsection (b) if the person is an employee of a registrant, rather than if the person is an employee of a registrant or an independent contractor of a registrant who sells the registrant's products at retail.

(f) Requires the owner of a location at which consumable hemp products are sold to annually pay to DSHS a registration fee in the amount of \$20,000 for each location owned by the person at which those products are sold. Deletes existing text authorizing DSHS by rule to adopt a registration fee schedule that establishes reasonable fee amounts for the registration of a single location at which consumable hemp products containing cannabidiol are sold and multiple locations at which consumable hemp products containing cannabidiol are sold under a single registration.

(h) Prohibits a person from selling consumable hemp products unless the person has provided to DSHS written consent from the person or the property owner, if the person is not the property owner, allowing DSHS, the Department of Public Safety of the State of Texas (DPS), and any other state or local law enforcement agency to enter onto all premises where consumable hemp products are sold to conduct a physical inspection or to ensure compliance with this chapter and rules adopted under this chapter.

(i) Prohibits an individual who is or has been convicted of a felony relating to a controlled substance under federal law or the law of any state from, before the 10th anniversary of the date of the conviction, holding a registration with DSHS under this section or being a governing person of a business entity registered with DSHS under this section.

(j) Requires DSHS to revoke a registration under this section if the registrant is convicted of a felony relating to a controlled substance under federal law or the law of any state.

SECTION 12. Amends Subchapter E, Chapter 443, Health and Safety Code, by adding Section 443.2026, as follows:

Sec. 443.2026. CONSUMABLE HEMP PRODUCT REGISTRATION. (a) Prohibits a consumable hemp product from being offered for sale in this state unless the manufacturer of the product, before offering the product for sale to a person or retailer, submits an application for the consumable hemp product to be registered with DSHS and receives approval that the product is compliant with this chapter, registered, and approved for sale in this state.

(b) Requires DSHS to issue a unique product registration number to each consumable hemp product approved by DSHS.

(c) Requires a manufacturer applying to register a consumable hemp product under this section to pay an application fee to DSHS in the amount of \$500 for each consumable hemp product.

(d) Requires DSHS to maintain an updated product registration list on DSHS's public Internet website, which is required to include front and back identifying pictures of each registered product.

(e) Requires that each consumable hemp product, including the container and package, if applicable, be labeled with a QR code that links to certain information and the following message placed adjacent to the required QR code on the label: "SCAN QR CODE BEFORE PURCHASE".

(f) Prohibits DSHS from approving for sale a consumable hemp product that contains any artificial or synthetic cannabinoids or contains, is mixed with, or is marketed as containing or being mixed with any alcohol, tobacco, nicotine, kratom, kava, mushrooms, tianeptine, or a derivative of any of those substances.

(g) Provides that a person commits an offense if the person distributes, delivers, sells, purchases, possesses, or uses a consumable hemp product that is not registered with DSHS as provided by this section.

(h) Provides that an offense under this section is a Class B misdemeanor.

(i) Provides that a person is presumed to know a consumable hemp product is prohibited under this chapter if the product is not listed on DSHS's Internet website as required by Subsection (d) or does not have a valid QR code under Subsection (e).

(j) Requires the executive commissioner to adopt rules to implement and administer this section.

SECTION 13. Amends Section 443.203, Health and Safety Code, as follows:

Sec. 443.203. DECEPTIVE TRADE PRACTICE. (a) Provides that a person who sells, offers for sale, or distributes a consumable hemp product, rather than cannabinoid oil, including cannabidiol oil, that the person claims is processed or manufactured in compliance with this chapter commits a false, misleading, or deceptive act or practice actionable under Subchapter E (Deceptive Trade Practices and Consumer Protection), Chapter 17 (Deceptive Trade Practices), Business & Commerce Code, if the product, rather than the oil, is not processed or manufactured in accordance with this chapter.

(b) Provides that a person who sells, offers for sale, or distributes a consumable hemp product commits a false, misleading, or deceptive act or practice actionable under Subchapter E, Chapter 17, Business & Commerce Code, if the product contains harmful ingredients, the product is not produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII, the product contains any amount of a cannabinoid other than cannabidiol or cannabigerol, or the product's packaging or advertising indicates that the product is for medical use.

Deletes existing text providing that a person who sells, offers for sale, or distributes a cannabinoid oil commits a false, misleading, or deceptive act or practice actionable under Subchapter E, Chapter 17, Business & Commerce Code, if the oil meets certain criteria, including having a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent.

SECTION 14. Amends Section 443.204, Health and Safety Code, as follows:

Sec. 443.204. New heading: RULES RELATED TO CONSUMABLE HEMP PRODUCTS. Provides that rules adopted by the executive commissioner regulating consumable hemp products are required to be at least as stringent as federal law and are required to reflect certain principles, including the processing, manufacturing, or retail sale of a consumable hemp product for smoking is prohibited.

Deletes existing text requiring that rules adopted by the executive commissioner regulating the sale of consumable hemp products to the extent allowable by federal law reflect certain principles, including that hemp derived cannabinoids, including cannabidiol, are not considered controlled substances or adulterants and that products meeting certain criteria are considered foods, not controlled substances or adulterated products. Makes a nonsubstantive change.

SECTION 15. Amends Sections 443.205(a) and (c), Health and Safety Code, as follows:

(a) Provides that, before a consumable hemp product that contains or is marketed as containing cannabinoids is authorized to be distributed or sold, the product is required to be:

(1) labeled in the manner provided by Subchapter E (Retail Sale of Consumable Hemp Products), including the following information:

(A)-(E) redesignates existing Subdivisions (1)-(5) as Paragraphs (A)-(E) and makes no further changes;

(F) the amount of the cannabidiol or cannabigerol in each serving or unit of the product;

(G) a certification that there is no detectable amount of any cannabinoid other than cannabidiol or cannabigerol in the product; and

(H) the cannabinoid concentration on a dry-weight basis of each hemp-derived ingredient in the product; and

(2) prepackaged or placed at the time of sale in packaging or a container that is tamper-evident, child-resistant, and, if the product contains multiple servings or consists of multiple products purchased in one transaction, resealable in a manner that allows the child-resistant mechanism to remain intact.

Deletes existing text providing that, before a consumable hemp product that contains or is marketed as containing more than trace amounts of cannabinoids is authorized to be distributed or sold, the product is required to be labeled in the manner provided by Section 443.205 (Packaging and Labeling Requirements) with 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. Makes nonsubstantive changes.

(c) Requires that the label required by Subsection (a) appear on the outer packaging of each unit of the product intended for individual retail sale. Deletes existing text authorizing the label, if that unit includes inner and outer packaging, to appear on any of that packaging.

SECTION 16. Amends Subchapter E, Chapter 443, Health and Safety Code, by adding Sections 443.2054, 443.2055, and 443.2056, as follows:

Sec. 443.2054. PROHIBITED DISPLAY OF CONSUMABLE HEMP PRODUCTS. Prohibits the owner of a store in which consumable hemp products are sold, or an employee of the owner, from displaying consumable hemp products for sale adjacent to products that are legal for minors to consume.

Sec. 443.2055. OFFENSE: MARKETING OR PACKAGING OF CONSUMABLE HEMP PRODUCT IN MANNER ATTRACTIVE TO MINORS. (a) Provides that a person commits an offense if the person markets, advertises, sells, or causes to be sold a consumable hemp product containing a hemp-derived cannabinoid that is in the shape of a human, animal, fruit, or cartoon or in another shape that is attractive to minors or is in packaging or a container that has certain qualities.

(b) Provides that, in this section, a cartoon includes a depiction of an object, person, animal, creature, or any similar caricature that uses comically exaggerated features and attributes; assigns human characteristics to animals, plants, or other objects; or has unnatural or extra-human abilities, such as imperviousness to pain or injury, x-ray vision, tunneling at very high speeds, or transformation.

(c) Provides that an offense under this section is a Class A misdemeanor.

Sec. 443.2056. OFFENSE: MISLEADING CONSUMABLE HEMP PACKAGING. (a) Provides that a person commits an offense if the person sells or offers for sale a consumable hemp product that contains or is marketed as containing hemp-derived cannabinoids in a package that depicts any statement, artwork, or design that would likely mislead a person to believe the package does not contain a hemp-derived cannabinoid or the product is intended for medical use, including by depicting a green cross.

(b) Provides that an offense under this section is a Class A misdemeanor.

SECTION 17. Amends Section 443.206, Health and Safety Code, as follows:

Sec. 443.206. RETAIL SALE OF OUT-OF-STATE CONSUMABLE HEMP PRODUCTS. Authorizes retail sales of consumable hemp products processed or manufactured outside of this state to be made in this state when the products were processed or manufactured in another state or jurisdiction if the products:

(1) were manufactured or processed in compliance with certain laws, including the laws of that state or jurisdiction if the products are tested in accordance with Section 443.151 (Testing Required), rather than in accordance with or in a similar manner to Section 443.151;

(2) do not contain any amount of a cannabinoid other than cannabidiol or cannabigerol;

(3) are tested, packaged, and labeled in the manner provided by this subchapter;

(4) are registered under Section 443.2026; and

(5) are not prohibited for introduction into interstate commerce under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. Section 301 et seq.) and federal regulations and guidelines adopted under that Act.

SECTION 18. Amends Section 443.207, Health and Safety Code, as follows:

Sec. 443.207. TRANSPORTATION AND EXPORTATION OF CONSUMABLE HEMP PRODUCTS OUT OF STATE. (a) Creates this subsection from existing text. Authorizes consumable hemp products to be legally transported across state lines and exported to foreign jurisdictions in a manner that is consistent with federal law and the laws of respective foreign jurisdictions, provided the consumable hemp products are not prohibited for introduction into interstate commerce under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. Section 301 et seq.) and federal regulations and guidelines adopted under that Act.

(b) Provides that, to the extent of a conflict between a provision of this chapter and a provision of federal law involving interstate transportation of consumable hemp products, including a United States Food and Drug Administration regulation, federal law controls and conflicting provisions of this chapter do not apply.

SECTION 19. Amends Chapter 443, Health and Safety Code, by adding Subchapters F and G, as follows:

SUBCHAPTER F. CRIMINAL OFFENSES

Sec. 443.251. OFFENSE: MANUFACTURE, DELIVERY, OR POSSESSION WITH INTENT TO DELIVER OF CERTAIN CONSUMABLE HEMP PRODUCTS. (a) Provides that a person commits an offense if the person knowingly manufactures, delivers, or possesses with intent to deliver a consumable hemp product that contains any amount of a cannabinoid other than cannabidiol or cannabigerol.

(b) Provides that an offense under this section is a felony of the third degree.

(c) Authorizes the actor, if conduct constituting an offense under this section also constitutes an offense under another law, to be prosecuted under this section, the other law, or both.

Sec. 443.252. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE HEMP PRODUCTS. (a) Provides that a person commits an offense if the person knowingly or intentionally possesses a consumable hemp product that contains any amount of a cannabinoid other than cannabidiol or cannabigerol.

(b) Provides that it is a defense to prosecution under this section that the actor requested emergency medical assistance in response to the person's own possible overdose or the possible overdose of another person and, if the person requested emergency medical assistance for the possible overdose of another person, remained on the scene until medical assistance arrived and cooperated with medical assistance and law enforcement personnel on the scene.

(c) Provides that an offense under this section is a Class C misdemeanor, except that if it is shown on the trial of the offense that at the time of the offense the actor has been previously convicted of an offense under this section two or more times, the offense is a misdemeanor punishable by a fine of not less than \$250 and not more than \$2,000, confinement in jail for a term not to exceed 180 days, or both the fine and the confinement.

(d) Requires the court to order:

(1) a person placed on deferred disposition for or convicted of an offense under this section to:

(A) perform community service for a certain amount of time; and

(B) successfully complete a substance misuse education program under Section 521.374(a)(1) (relating to authorizing a person whose license is suspended to successfully complete an in-person or online educational program that is designed to educate persons on the dangers of substance abuse), Transportation Code, that is regulated by the Texas Department of Licensing and Regulation under Chapter 171 (Educational Programs Regulated by Texas Department of Licensing and Regulation), Government Code; and

(2) DPS to suspend the driver's license or permit of a person convicted of an offense under this section or, if the person does not have a driver's license or permit, to deny the issuance of a driver's license or permit for:

(A) 30 days, if the person has not been previously convicted of an offense under this section;

(B) 60 days, if the person has been previously convicted once of an offense under this section; or

(C) 180 days, if the person has been previously convicted twice or more of an offense under this section.

(e) Provides that a driver's license suspension under Subsection (d)(2) takes effect on the 11th day after the date the person is convicted.

(f) Provides that a person who has been previously convicted of an offense under this section two or more times is not eligible to receive deferred disposition or deferred adjudication for an offense under this section.

(g) Requires that community service ordered under Subsection (d) be related to education about or prevention of misuse of drugs if a program or service providing that education or prevention is available in the county in which the court is located. Authorizes the court, if a program or service providing that education or prevention is not available in the county, to order community service appropriate for rehabilitative purposes. Provides that the education program under Subsection (d)(1)(B) is in addition to community service ordered under this section.

(h) Provides that, for the purpose of determining whether a person has been previously convicted of an offense under this section, an adjudication under Title 3 (Juvenile Justice Code), Family Code, that the person engaged in conduct described by this section is considered a conviction of an offense under this section and an order of deferred disposition for an offense alleged under this section is considered a conviction of an offense under this section.

(i) Authorizes the actor, if conduct constituting an offense under this section also constitutes an offense under another law, to be prosecuted under this section, the other law, or both.

Sec. 443.253. OFFENSE: SALE OR DISTRIBUTION OF CERTAIN CONSUMABLE HEMP PRODUCTS TO PERSONS YOUNGER THAN 21 YEARS OF AGE; PROOF OF AGE REQUIRED. (a) Provides that a person commits an offense if the person, with criminal negligence, sells a consumable hemp product that contains or is marketed as containing hemp-derived cannabinoids to a person who is younger than 21 years of age.

(b) Provides that an employee of the owner of a store in which consumable hemp products that contain or are marketed as containing hemp-derived cannabinoids are sold at retail is criminally responsible and subject to prosecution for an offense under this section that occurs in connection with a sale by the employee.

(c) Provides that an offense under this section is a Class A misdemeanor.

(d) Provides that it is a defense to prosecution under Subsection (a) that the person to whom the consumable hemp product was sold presented to the defendant apparently valid proof of identification.

(e) Provides that a proof of identification satisfies the requirements of Subsection (d) if it is presented in person and contains a physical description and photograph consistent with the person's appearance, purports to establish that the person is 21 years of age or older, and was issued by a governmental agency. Authorizes the proof of identification to include a driver's license issued by this state or another state, a passport, or an identification card issued by a state or the federal government.

Sec. 443.254. OFFENSE: MANUFACTURE, DISTRIBUTION, OR SALE OF CONSUMABLE HEMP PRODUCTS FOR SMOKING. (a) Provides that a person commits an offense if the person manufactures, distributes, sells, or offers for sale a consumable hemp product for smoking.

(b) Provides that an offense under this section is a Class B misdemeanor.

Sec. 443.255. OFFENSE: SALE OR DELIVERY OF CERTAIN CONSUMABLE HEMP PRODUCTS NEAR SCHOOL. (a) Defines "school" and "premises."

(b) Provides that a person commits an offense if the person sells, offers for sale, or delivers a consumable hemp product containing a hemp-derived cannabinoid in, on, or within 1,000 feet of the premises of a school.

(c) Provides that an offense under this section is a Class B misdemeanor.

Sec. 443.256. OFFENSE: PROVISION OF CERTAIN CONSUMABLE HEMP PRODUCT BY COURIER, DELIVERY, OR MAIL SERVICE. (a) Provides that a person commits an offense if the person provides a consumable hemp product containing a hemp-derived cannabinoid by courier, delivery, or mail service.

(b) Provides that an offense under this section is a Class A misdemeanor.

Sec. 443.257. OFFENSE: FALSE LABORATORY REPORT. (a) Provides that a person commits an offense if the person, with the intent to deceive, forges, falsifies, or alters the results of a laboratory test authorized or required by this chapter.

(b) Provides that an offense under this section is a felony of the third degree.

Sec. 443.258. OFFENSE: MANUFACTURING OR SELLING WITHOUT LICENSE OR REGISTRATION. (a) Provides that a person commits an offense if the person processes hemp or manufactures a consumable hemp product without a license issued under Subchapter C (Consumable Hemp Product Manufacturer License) or sells at retail or offers for sale at retail a consumable hemp product without registering as a retailer under Section 443.2025 (Registration Required for Retailers of Certain Products).

(b) Provides that an offense under this section is a felony of the third degree.

SUBCHAPTER G. ADMINISTRATIVE ENFORCEMENT

Sec. 443.301. ENFORCEMENT BY DEPARTMENT. (a) Requires DSHS to receive and investigate complaints concerning violations of this chapter by a license holder under Subchapter C or a registrant under Section 443.2025.

(b) Authorizes DSHS to revoke, suspend, or refuse to renew a license or registration for a violation of this chapter or a rule adopted under this chapter.

(c) Authorizes DSHS to impose an administrative penalty in an amount not to exceed \$10,000 against a license holder or registrant for each violation of this chapter or a rule adopted under this chapter.

(d) Provides that a proceeding under this section is a contested case under Chapter 2001 (Administrative Procedure), Government Code.

SECTION 20. Repealer: Section 443.151(e) (relating to providing that a consumable hemp product is not required to be tested if each hemp-derived ingredient of the product meets certain requirements), Health and Safety Code.

Repealers: Sections 443.201 (Possession, Transportation, and Sale of Consumable Hemp Products) and 443.202 (Regulation of Certain Cannabinoid Oils), Health and Safety Code.

Repealers: Sections 443.2025(a) (relating to providing that this section does not apply to low-THC cannabis regulated under Chapter 487) and (c) (relating to authorizing DSHS to

issue a single registration covering multiple locations owned, operated, or controlled by a person), Health and Safety Code.

SECTION 21. Requires the executive commissioner, not later than February 1, 2026, to adopt the rules required by Section 443.2026, Health and Safety Code, as added by this Act.

SECTION 22. (a) Makes application of this Act, except as provided by Subsection (b) of this section, prospective.

(b) Provides that a person selling consumable hemp products on the effective date of this Act is not required to register a product under Section 443.2026, Health and Safety Code, as added by this Act, before March 1, 2026.

SECTION 23. Severability clause.

SECTION 24. Effective date: the 91st day after the last day of the legislative session.