

By: Johnson, et al.

S.B. No. 53

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. It is the intent of the legislature to:

(1) regulate a market for the sale of consumable hemp products and hemp beverages; and

(2) develop a framework for establishing a new state agency with licensing and regulatory authority for consumable hemp products and hemp beverages.

SECTION 2. (a) Section 121.003(a), Agriculture Code, is amended to read as follows:

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

(1) 7 U.S.C. Section 1639p;

(2) Chapter 122; ~~and~~

(3) Chapter 443, Health and Safety Code; and

(4) Title 7, Alcoholic Beverage Code, as effective January 1, 2027.

(b) Effective January 1, 2027, Section 121.003(a), Agriculture Code, is amended to read as follows:

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

(1) 7 U.S.C. Section 1639p;

(2) Chapter 122; and

(3) Title 7, Alcoholic Beverage Code [~~Chapter 443, Health and Safety Code~~].

SECTION 3. Effective January 1, 2027, Section 122.001(3), Agriculture Code, is amended to read as follows:

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

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

(B) in a vehicle for any period of time other than during the actual transport of the plant from a premises owned, operated, or controlled by a license holder to:

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

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

SECTION 4. Section 122.001(8), Agriculture Code, is amended to read as follows:

(8) "Nonconsumable hemp product" means a product that contains hemp, other than a consumable hemp product as defined by Section 1.04, Alcoholic Beverage [~~443.001, Health and Safety~~] Code.

The term includes cloth, cordage, fiber, fuel, paint, paper, particleboard, and plastics derived from hemp.

SECTION 5. Effective January 1, 2027, Section 122.101(b), Agriculture Code, is amended to read as follows:

(b) A person is not required to hold a license under this subchapter to manufacture a consumable hemp product in accordance with Subtitle A, Title 6, Health and Safety Code, and Title 7, Alcoholic Beverage Code.

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

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

- (1) the department;
- (2) an institution of higher education; or
- (3) an independent testing laboratory:
  - (A) registered under Section 122.152; and
  - (B) licensed under Chapter 305, Alcoholic Beverage Code.

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

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

SECTION 8. Section 1.04, Alcoholic Beverage Code, is amended by adding Subdivisions (4-a), (32), (33), (34), (35), (36),

and (37) to read as follows:

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

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

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

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

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

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

(i) the concentration of cannabinoid analytes;

(ii) data on the level of tetrahydrocannabinols; or

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

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

(33) "Consumable hemp product" means a food or drug, as those terms are defined by Section 431.002, Health and Safety Code, that contains hemp or one or more cannabinoids. Unless

context indicates otherwise, the term includes natural hemp flower, as that term is defined by Section 301.001, that is packaged for and sold at retail. The term does not include a hemp beverage or a topical product containing hemp.

(34) "Hemp" has the meaning assigned by Section 121.001, Agriculture Code.

(35) "Hemp beverage" means a beverage that:

(A) contains hemp or one or more hemp-derived cannabinoids;

(B) does not contain any amount of:

(i) synthetic cannabinoids as that term is defined by Section 301.001;

(ii) tetrahydrocannabiphorol;

(iii) tetrahydrocannabihexol; or

(iv) tetrahydrocannabutol;

(C) is not mixed with alcohol, caffeine, tobacco, nicotine, kratom, kava, psychoactive mushrooms, or a derivative of any of those items; and

(D) contains five milligrams or less of delta-9 tetrahydrocannabinol, except as provided by Section 59.10.

(36) "Hemp retailer" means a person licensed under Section 310.302 or 310.303.

(37) "Hemp testing laboratory" means a laboratory, including a laboratory at an institution of higher education, as defined by Section 61.003, Education Code, authorized by and licensed under Section 305.001 to test hemp, including natural hemp flower and hemp biomass as those terms are defined by Section

1 301.001, hemp beverages, and consumable hemp products.

2 SECTION 9. The heading to Section 5.05, Alcoholic Beverage  
3 Code, is amended to read as follows:

4 Sec. 5.05. RELATIONSHIP WITH ALCOHOLIC BEVERAGE OR  
5 CONSUMABLE HEMP PRODUCT BUSINESS PROHIBITED.

6 SECTION 10. Sections 5.05(a) and (d), Alcoholic Beverage  
7 Code, are amended to read as follows:

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

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

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

20 (B) at least five percent cumulative interest,  
21 including the right to share in profits, proceeds, or capital  
22 gains, in multiple alcoholic beverage or consumable hemp product  
23 businesses; or

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

26 (d) A person may not be a member of the commission and may  
27 not be a commission employee employed in a "bona fide executive,

administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), if:

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

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

SECTION 11. Section 5.17, Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 12. Subchapter A, Chapter 5, Alcoholic Beverage Code, is amended by adding Section 5.22 to read as follows:

Sec. 5.22. HEMP ADVISORY COMMITTEE. (a) The commission by rule shall establish an advisory committee to assist the commission in rulemaking and the development of a licensing and enforcement system for consumable hemp products and hemp beverages.

(b) The advisory committee must include at least the following members appointed by the administrator:

(1) more than one representative of the Department of State Health Services;

(2) more than one representative of the Department of

Public Safety;

(3) a peace officer representing a local law enforcement agency;

(4) a scientist with expertise in the laboratory testing of cannabis;

(5) an attorney with expertise in cannabis regulation;

(6) a person licensed under Subchapter B, Chapter 310;

(7) a person licensed under Subchapter D, Chapter 310;

(8) a person licensed under Chapter 62 or 63 who also holds a permit under Chapter 59; and

(9) a person licensed under Chapter 64 or 66 who also holds a permit under Chapter 59.

(c) Not later than December 1 of each even-numbered year, the advisory committee shall submit a report to the commission, the Health and Human Services Commission, the Department of Public Safety, and the legislature regarding:

(1) the total number of licenses issued under Title 7 and the rate of change in the number of licenses from the previous biennium;

(2) the total number of license holders under Title 7 who violated this code, the type of violations, and the rate of change in the number of violations from the previous biennium;

(3) any identified safety and public health concerns from the sale and consumption of consumable hemp products and hemp beverages, including cannabis hyperemesis syndrome, cannabis-induced psychosis, and the rate of use of those products and beverages by persons 20 years of age or younger;

1           (4) the amount of tax revenue generated by the taxes  
2 imposed under Chapter 164, Tax Code, including information on the  
3 amount of tax revenue distributed under the hemp regulation account  
4 established under Section 350.001 and how the persons distributed  
5 money from that account have utilized the money;

6           (5) information on the geographic locations where  
7 consumable hemp products and hemp beverages are sold;

8           (6) information on the amount of consumable hemp  
9 products and hemp beverages imported and exported into and out of  
10 this state;

11           (7) recommendations for legislative or other action;  
12 and

13           (8) any other information the advisory committee  
14 determines relevant.

15           (c-1) On December 31, 2026, the advisory committee shall  
16 submit a report to the commission, the Health and Human Services  
17 Commission, the Department of Public Safety, and the legislature  
18 regarding the evaluation and development of:

19           (1) a new state agency with licensing and regulatory  
20 authority for consumable hemp products and hemp beverages; and

21           (2) procedures for transferring of the regulatory  
22 functions for consumable hemp products and hemp beverages from the  
23 commission to the agency described by Subdivision (1).

24           (c-2) This subsection and Subsection (c-1) expire September  
25 1, 2027.

26           SECTION 13. Sections [5.31](#)(a) and (b), Alcoholic Beverage  
27 Code, are amended to read as follows:

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

(b) The commission shall:

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

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

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

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

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

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

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

SECTION 14. Section 5.32, Alcoholic Beverage Code, is amended to read as follows:

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

6           SECTION 15. Section 5.35, Alcoholic Beverage Code, is  
7 amended to read as follows:

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

12          SECTION 16. Section 5.36, Alcoholic Beverage Code, is  
13 amended to read as follows:

14          Sec. 5.36. INVESTIGATION OF VIOLATIONS. [~~(a)~~] The  
15 commission shall investigate violations of this code and of other  
16 laws relating to alcoholic beverages and consumable hemp products,  
17 and shall cooperate in the prosecution of offenders before any  
18 court of competent jurisdiction. The commission may seize  
19 alcoholic beverages and consumable hemp products manufactured,  
20 sold, kept, imported, or transported in violation of this code and  
21 apply for the confiscation of the beverages and products if  
22 required to do so by this code.

23          SECTION 17. Sections 5.362(b) and (d), Alcoholic Beverage  
24 Code, are amended to read as follows:

25          (b) For each violation for which a license or permit may be  
26 suspended, the schedule of sanctions must include the number of  
27 days a permit or license would be suspended and the corresponding

civil penalty under Section [11.64](#) or 310.027.

(d) The schedule must:

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

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

SECTION 18. The heading to Section [5.38](#), Alcoholic Beverage Code, is amended to read as follows:

Sec. 5.38. QUALITY AND PURITY OF ALCOHOLIC AND HEMP BEVERAGES AND CONSUMABLE HEMP PRODUCTS.

SECTION 19. Section [5.38](#), Alcoholic Beverage Code, is amended by adding Subsection (d) to read as follows:

(d) The commission may require a test of the contents of a hemp beverage or consumable hemp product manufactured or sold in this state for the same purposes provided for testing alcoholic beverages under Subsection (c). The commission may use a hemp testing laboratory licensed under Chapter 305 to conduct testing under this subsection.

SECTION 20. Section [5.48](#)(a), Alcoholic Beverage Code, is amended to read as follows:

(a) "Private records," as used in this section, means all records of a permittee, licensee, or other person other than the name, proposed location, and type of permit or license sought in an

1 application for an original or renewal permit or license, or in a  
2 periodic report relating to the importation, distribution, or sale  
3 of alcoholic beverages or consumable hemp products required by the  
4 commission to be regularly filed by a permittee or licensee.

5 SECTION 21. Section 5.50(b-1), Alcoholic Beverage Code, is  
6 amended to read as follows:

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

12 (1) allow the commission to:

13 (A) consider relevant information including the  
14 type of business being regulated and the level of regulatory  
15 activities associated with each certificate, permit, or license;  
16 and

17 (B) set different fees for the same original or  
18 renewal certificate, permit, or license if the commission  
19 determines the level of regulatory activities associated with a  
20 certificate, permit, or license varies; and

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

24 SECTION 22. Sections 5.57(a), (b), and (c), Alcoholic  
25 Beverage Code, are amended to read as follows:

26 (a) The commission shall develop a formal process for making  
27 policy decisions regarding marketing practices regulations and for

communicating those decisions to agency staff and the alcoholic beverage and consumable hemp product industries [~~industry~~].

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

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

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

(2) the liquor, malt beverage, and wine segments of the alcoholic beverage industry.

SECTION 23. Section 11.64(a), Alcoholic Beverage Code, is amended to read as follows:

(a) When the commission or administrator is authorized to suspend a permit or license under this code, the commission or administrator shall give the permittee or licensee the opportunity to pay a civil penalty rather than have the permit or license suspended, unless the basis for the suspension is a violation of Section 11.61(b)(14), 22.12, 28.11, 32.17(a)(2), 32.17(a)(3), 61.71(a)(5), 61.71(a)(6), 61.74(a)(14), 69.13, 71.09, 101.04, 101.63, 104.01(a)(4), 106.03, 106.06, or 106.15, the sale or offer for sale of an alcoholic beverage during hours prohibited by Chapter 105, consumption or the permitting of consumption of an alcoholic beverage on the person's licensed or permitted premises

1 during hours prohibited by Chapter 105 or Section 32.17(a)(7), a  
 2 violation or offense related to a hemp beverage, or an offense  
 3 relating to prostitution, trafficking of persons, gambling, or  
 4 controlled substances or drugs, in which case the commission or  
 5 administrator shall determine whether the permittee or licensee may  
 6 have the opportunity to pay a civil penalty rather than have the  
 7 permit or license suspended. The commission shall adopt rules  
 8 addressing when suspension may be imposed pursuant to this section  
 9 without the opportunity to pay a civil penalty. In adopting rules  
 10 under this subsection, the commission shall consider the type of  
 11 license or permit held, the type of violation, any aggravating or  
 12 ameliorating circumstances concerning the violation, and any past  
 13 violations of this code by the permittee or licensee. In cases in  
 14 which a civil penalty is assessed, the commission or administrator  
 15 shall determine the amount of the penalty. The amount of the civil  
 16 penalty may not be less than \$150 or more than \$25,000 for each day  
 17 the permit or license was to have been suspended. If the licensee  
 18 or permittee does not pay the penalty before the sixth day after the  
 19 commission or administrator notifies the licensee or permittee  
 20 ~~[him]~~ of the amount, the commission or administrator shall impose  
 21 the suspension.

22 SECTION 24. Sections 28.01(a) and (c), Alcoholic Beverage  
 23 Code, are amended to read as follows:

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

27 (1) from sealed containers containing not less than

one fluid ounce nor more than two fluid ounces or of any legal size;  
and

(2) from unsealed containers.

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

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

(2) sell the hemp beverages, wine, and malt beverages for consumption on the licensed premises.

SECTION 25. Section 28.1001, Alcoholic Beverage Code, is amended by adding Subsection (a-3) to read as follows:

(a-3) In addition to the requirements of Subsection (a-1) for an alcoholic beverage, a hemp beverage delivered to an ultimate consumer located off-premises that is not in an original container sealed by the manufacturer must be in a tamper-proof container that is sealed by the permit holder and clearly labeled with the permit holder's business name and the letters "THC."

SECTION 26. Section 32.155, Alcoholic Beverage Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) In addition to the requirements of Subsection (b) for an alcoholic beverage, a hemp beverage delivered to an ultimate consumer located off-premises that is not in an original container sealed by the manufacturer must be in a tamper-proof container that is sealed by the permit holder and clearly labeled with the name of the private club registration permit holder and the letters "THC."

SECTION 27. Section 41.01, Alcoholic Beverage Code, is

amended by adding Subsection (a-1) to read as follows:

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

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

CHAPTER 59. HEMP BEVERAGE PERMIT

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

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

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

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

Sec. 59.02. ELIGIBLE PERMIT AND LICENSE HOLDERS. A hemp beverage permit may be issued to the holder of a package store permit, mixed beverage permit, private club registration permit, carrier's permit, consumer delivery permit, brewer's license, nonresident brewer's license, general distributor's license, branch distributor's license, brewpub license, and hemp retailer

1 license.

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

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

11 Sec. 59.04. FEES. (a) The fee for the issuance of an  
12 original or renewal hemp beverage permit issued under this chapter  
13 is:

14 (1) \$1,800 for the holder of a package store permit;

15 (2) \$2,650 for the holder of a mixed beverage permit or  
16 private club registration permit;

17 (3) \$1,100 for the holder of a carrier's permit;

18 (4) \$10,000 for the holder of a consumer delivery  
19 permit;

20 (5) \$5,000 for the holder of a brewer's license or  
21 nonresident brewer's license;

22 (6) \$5,000 for the holder of a general distributor's  
23 license or branch distributor's license;

24 (7) \$1,100 for the holder of a brewpub license; and

25 (8) \$500 for the holder of a hemp retailer's license.

26 (b) A fee collected under this section shall be deposited to  
27 the credit of the hemp regulation account under Section 350.001.

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

3               (1) must not:

4                       (A) be attractive to children;

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

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

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

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

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

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

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

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

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

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

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

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

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

22           Sec. 59.08. ELECTRONIC VERIFICATION OF CONSUMER'S  
23 IDENTIFICATION. (a) A holder of a hemp beverage permit authorized  
24 to sell, serve, or deliver hemp beverages to an ultimate consumer,  
25 including the holder of a consumer delivery permit, or the permit  
26 holder's agent, servant, or employee shall, before initiating the  
27 sale or delivery, verify that the purchaser or recipient of the

1 delivery is 21 years of age or older.

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

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

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

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

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

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

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

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

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

2 (1) the requirements and responsibilities provided by  
3 law for persons authorized to sell, serve, or deliver hemp  
4 beverages at retail; and

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

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

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

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

18 Sec. 59.10. MULTI-SERVING HEMP BEVERAGE CONTAINER. (a) In  
19 this section, "multi-serving hemp beverage" means a hemp beverage  
20 that is contained in a bottle, keg, or other container that  
21 collectively contains more than five milligrams of delta-9  
22 tetrahydrocannabinol.

23 (b) Subject to the restrictions in this section, a hemp  
24 beverage permit holder that also holds a brewer's license,  
25 nonresident brewer's license, or brewpub license may produce  
26 multi-serving hemp beverages. The permit holder may:

27 (1) sell multi-serving hemp beverages to a hemp

1 beverage permit holder that also holds a brewer's license,  
2 nonresident brewer's license, general distributor's license, or  
3 branch distributor's license, or to qualified persons outside this  
4 state in compliance with that state's law; and

5 (2) if the permit holder is also licensed under  
6 Chapter 62A, self-distribute multi-serving hemp beverages to  
7 licensed hemp retailers.

8 (c) A hemp beverage permit holder that also holds a general  
9 distributor's license or branch distributor's license may receive  
10 multi-serving hemp beverages from authorized brewers as provided in  
11 Subsection (b) and general and branch distributors that also hold a  
12 hemp beverage permit. The distributor may only sell multi-serving  
13 hemp beverages to a hemp beverage permit holder that is also a mixed  
14 beverage permit holder, private club registration permit holder,  
15 hemp retailer, general distributor's license holder, branch  
16 distributor's license holder, local distributor's permit holder, or  
17 a package store permit holder.

18 (d) A hemp beverage permit holder that also holds a package  
19 store permit may sell multi-serving hemp beverages to ultimate  
20 consumers for off-premise consumption only and not for the purpose  
21 of resale.

22 (e) A hemp beverage permit holder that also holds a local  
23 distributor's permit may sell multi-serving hemp beverages for  
24 resale, but only to a hemp beverage permit holder that is also a  
25 mixed beverage permit holder, private club registration permit  
26 holder, or hemp retailer.

27 (f) Multi-serving hemp beverages may only be sold to

1 ultimate consumers by a hemp beverage permit holder that also holds  
2 a package store permit or off-premise hemp retailer's license.

3 (g) A hemp beverage permit holder that also holds a package  
4 store permit or off-premise hemp retailer's license may deliver, or  
5 use a consumer delivery permittee that also holds a hemp beverage  
6 permit to deliver, multi-serving hemp beverages to ultimate  
7 consumers.

8 (h) A multi-serving hemp beverage may only be sold or  
9 delivered to an ultimate consumer in a container size less than or  
10 equal to 1.5 liters. The delta-9 tetrahydrocannabinol  
11 concentration of a multi-serving hemp beverage sold or delivered to  
12 an ultimate consumer may not exceed:

13 (1) one milligram per ounce for a beverage marketed as  
14 a pre-mixed hemp cocktail; or

15 (2) five milligrams per ounce for any multi-serving  
16 hemp beverage other than a beverage described by Subdivision (1).

17 (i) A hemp beverage permit holder that also holds a mixed  
18 beverage permit, private club registration permit, or on-premise  
19 hemp retailer's license may use multi-serving hemp beverages to  
20 serve, mix, or pour a hemp beverage for sale to an ultimate  
21 consumer.

22 (j) In addition to any other applicable requirements in this  
23 code, a multi-serving hemp beverage container:

24 (1) may not contain more than 15.5 gallons or less than  
25 375 milliliters of multi-serving hemp beverages; and

26 (2) must clearly and conspicuously display the  
27 milligrams of delta-9 tetrahydrocannabinol in one ounce of the

1 beverage.

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

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

9 SECTION 30. Section 61.13(e), Alcoholic Beverage Code, is  
10 amended to read as follows:

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

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

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

20 (3) has continuously operated on the licensed premises  
21 for three years or more before the date the holder applied for  
22 renewal of the license.

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

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

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

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

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

(a) An applicant for a license issued under this subtitle ~~[code]~~ for a location not previously licensed for the on-premises consumption of alcoholic beverages must, not later than the 60th day before the date the license is issued, prominently post an outdoor sign at the location stating that alcoholic beverages are intended to be served on the premises, the type of license, and the name and business address of the applicant.

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

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

SECTION 35. Section 62.09, Alcoholic Beverage Code, is

amended to read as follows:

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

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

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

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

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

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

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

(a) The holder of a general distributor's license may sell

1 malt beverages, not including hemp beverages, for use as an  
2 ingredient in the manufacturing and processing of food products.

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

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

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

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

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

25 Sec. 74.10. SALES OF HEMP BEVERAGES TO RETAILERS AND  
26 DISTRIBUTORS. (a) Notwithstanding any other provision of this  
27 chapter, a holder of a brewpub license who also holds a hemp

beverage permit may manufacture hemp beverages.

(b) A holder of a brewpub license who also holds a hemp beverage permit and a mixed beverage permit may sell hemp beverages to ultimate consumers in the same manner as the license holder may sell malt beverages under this chapter.

(c) A holder of a brewpub license who holds a hemp beverage permit but does not hold a mixed beverage permit may sell hemp beverages produced under the license to hemp retailers, package store permit holders, mixed beverage permit holders, private club registration permit holders, and general or branch distributors that also hold a hemp beverage permit in the same manner as the license holder may sell malt beverages under Sections 74.08 and 74.09.

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

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

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

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

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

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

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

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

(5) a forged or counterfeit stamp, die, plate, official signature, certificate, evidence of tax payment, license, permit, or other instrument pertaining to this code; or

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

SECTION 43. The heading to Section [101.31](#), Alcoholic Beverage Code, is amended to read as follows:

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

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

(a-1) Except as otherwise provided in this code, no person in a dry area as to consumable hemp products may manufacture,

1 process, sell, import, export, transport, distribute, store,  
2 solicit or take orders for, or possess with intent to sell a  
3 consumable hemp product.

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

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

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

11 (2) the alcohol content by volume.

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

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

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

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

19 (4) a warning that the consumer should consult a  
20 physician before consuming a hemp beverage during pregnancy as  
21 doing so is not recommended for mothers; and

22 (5) a warning that consuming alcohol and hemp  
23 beverages together may result in unanticipated severe levels of  
24 intoxication.

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

27 Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT

PROHIBITED. (a) A person may not manufacture, sell, barter, or exchange a beverage that contains more than one-half of one percent alcohol by volume and not more than five percent alcohol by volume, except malt beverages, wine coolers, and spirit coolers.

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

SECTION 47. Section 101.67, Alcoholic Beverage Code, is amended by amending Subsections (a), (d), (e), and (f) and adding Subsections (a-1) and (a-2) to read as follows:

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

(a-1) The registration application for a hemp beverage must include a certificate of analysis issued by a hemp testing laboratory licensed under Section 305.001.

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

(d) On registration of a certificate of label approval issued by the United States Alcohol and Tobacco Tax and Trade Bureau or a certificate of analysis issued by a hemp testing laboratory, as

1 applicable, the commission shall approve the product under this  
2 section and issue a letter to that effect to the licensee unless the  
3 commission determines the product, despite having a valid federal  
4 certificate of label approval or a certificate of analysis issued  
5 by a hemp testing laboratory, would create a public safety concern,  
6 create a cross-tier violation, or otherwise violate this code.

7 (e) Not later than the 30th day after the date the  
8 commission receives an application for registration of a product  
9 under this section, the commission shall either approve or deny the  
10 registration application. If the commission denies the application  
11 for a product with a valid federal certificate of label approval or  
12 a certificate of analysis issued by a hemp testing laboratory or  
13 fails to act on the application within the time required by this  
14 subsection, the licensee submitting the application is entitled to  
15 an administrative hearing before the State Office of Administrative  
16 Hearings.

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

18 (1) accepting federal certificates of label approval  
19 and certificates of analysis issued by a hemp testing laboratory  
20 for registration under this section;

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

25 (3) registering alcoholic beverage products, other  
26 than hemp beverages, during periods when the United States Alcohol  
27 and Tobacco Tax and Trade Bureau has ceased processing applications

1 for a certificate of label approval.

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

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

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

7 Sec. 101.6702. HEMP BEVERAGE AUTHORIZATION. (a) The  
8 commission shall by rule develop a process by which a sample  
9 representing a hemp beverage is tested and approved by the  
10 commission before the beverage is made available for sale or  
11 otherwise introduced into commerce in this state.

12 (b) In approving a hemp beverage under Subsection (a), the  
13 commission shall ensure that the hemp beverage is labeled in  
14 accordance with the requirements of Sections 101.41(e), 322.001,  
15 and 322.002.

16 (c) The commission shall ensure that each hemp beverage  
17 container, including containers for multi-serving hemp beverages  
18 as that term is defined under Section 59.10, has a delta-9  
19 tetrahydrocannabinol content that complies with the requirements  
20 of this code.

21 (d) The commission shall use hemp testing laboratories  
22 licensed under Section 305.001 to conduct testing.

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

25 (a) A room, building, boat, structure, or other place where  
26 alcoholic beverages or consumable hemp products are sold, bartered,  
27 manufactured, stored, possessed, or consumed in violation of this

code or under circumstances contrary to the purposes of this code, the beverages and products themselves, and all property kept or used in the place, are a common nuisance. A person who maintains or assists in maintaining the nuisance commits an offense.

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

(1) that this code will not be violated;

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

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

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

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

SECTION 52. Chapter 103, Alcoholic Beverage Code, is

1 amended by adding Section 103.001 to read as follows:

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

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

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

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

11 (a) A minor commits an offense if the minor purchases an  
12 alcoholic beverage or a consumable hemp product. A minor does not  
13 commit an offense if the minor purchases an alcoholic beverage or a  
14 consumable hemp product under the immediate supervision of a  
15 commissioned peace officer engaged in enforcing the provisions of  
16 this code.

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

19 Sec. 106.025. ATTEMPT TO PURCHASE ALCOHOL OR CONSUMABLE  
20 HEMP PRODUCT BY A MINOR.

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

23 (a) A person commits an offense if with criminal negligence  
24 the person ~~he~~ sells an alcoholic beverage or a consumable hemp  
25 product to a minor.

26 (b) A person who sells a minor an alcoholic beverage or a  
27 consumable hemp product does not commit an offense if the minor

1 falsely represents the minor [~~himself~~] to be 21 years old or older  
 2 by displaying an apparently valid proof of identification that  
 3 contains a physical description and photograph consistent with the  
 4 minor's appearance, purports to establish that the minor is 21  
 5 years of age or older, and was issued by a governmental agency. The  
 6 proof of identification may include a driver's license or  
 7 identification card issued by the Department of Public Safety, a  
 8 passport, or a military identification card.

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

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

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

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

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

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

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

26 (1) requested emergency medical assistance in  
 27 response to the possible alcohol or consumable hemp product

overdose of the minor or another person;

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

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

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

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

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

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

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

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

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

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

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

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

4           (4) if the alcoholic beverage is lawfully provided to  
5 the minor under Section 106.16.

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

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

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

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

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

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

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

21           Sec. 106.06. PURCHASE OF ALCOHOL OR CONSUMABLE HEMP PRODUCT  
22 FOR A MINOR; FURNISHING ALCOHOL OR CONSUMABLE HEMP PRODUCT TO A  
23 MINOR.

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

26           (a) Except as provided in Subsection (b), a person commits  
27 an offense if the person purchases an alcoholic beverage or a

1 consumable hemp product for or gives an alcoholic beverage or a  
2 consumable hemp product to a minor.

3 (b) A person may purchase an alcoholic beverage or a  
4 consumable hemp product for or give an alcoholic beverage to a minor  
5 if the person is:

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

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

12 (c-1) An offense under this section is a state jail felony  
13 if it is shown on the trial of the offense that the person purchased  
14 an alcoholic beverage or a consumable hemp product for or gave an  
15 alcoholic beverage or a consumable hemp product to a minor who, as a  
16 result of the consumption of the alcoholic beverage or consumable  
17 hemp product, caused another person to suffer serious bodily injury  
18 or death.

19 (d) A judge, acting under Chapter 42A, Code of Criminal  
20 Procedure, who places a defendant charged with an offense under  
21 this section on community supervision under that chapter shall, if  
22 the defendant committed the offense at a gathering where  
23 participants were involved in the abuse of alcohol, including binge  
24 drinking or forcing or coercing individuals to consume alcohol or  
25 consumable hemp products, in addition to any other condition  
26 imposed by the judge:

27 (1) require the defendant to:

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

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

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

(e) Community service ordered under Subsection (d) is in addition to any community service ordered by the judge under Article 42A.304, Code of Criminal Procedure, and must be related to education about or prevention of misuse of alcohol or drugs if programs or services providing that education are available in the community in which the court is located. If programs or services providing that education are not available, the court may order community service that the court considers appropriate for rehabilitative purposes.

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

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

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

1           Sec. 106.071. PUNISHMENT FOR HEMP OR ALCOHOL-RELATED  
2 OFFENSE BY MINOR.

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

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

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

10          Sec. 106.115. ALCOHOL AWARENESS OR SUBSTANCE MISUSE  
11 EDUCATION PROGRAM; LICENSE SUSPENSION.

12          SECTION 67. Sections 106.115(b-1), (b-2), (c), and (d),  
13 Alcoholic Beverage Code, are amended to read as follows:

14          (b-1) If the defendant resides in a county with a population  
15 of 75,000 or less and access to an alcohol awareness or substance  
16 misuse education program is not readily available in the county,  
17 the court may allow the defendant to take an online alcohol  
18 awareness or substance misuse education program approved by the  
19 Texas Department of Licensing and Regulation or require the  
20 defendant to perform not less than eight hours of community service  
21 related to alcohol or drug abuse prevention or treatment instead of  
22 attending the alcohol or substance misuse education awareness  
23 program. Community service ordered under this subsection is in  
24 addition to community service ordered under Section 106.071(d).

25          (b-2) For purposes of Subsection (b-1), if the defendant is  
26 enrolled in an institution of higher education located in a county  
27 in which access to an alcohol awareness or substance misuse

1 education program is readily available, the court may consider the  
2 defendant to be a resident of that county. If the defendant is not  
3 enrolled in such an institution of higher education or if the court  
4 does not consider the defendant to be a resident of the county in  
5 which the institution is located, the defendant's residence is the  
6 residence listed on the defendant's driver's license or personal  
7 identification certificate issued by the Department of Public  
8 Safety. If the defendant does not have a driver's license or  
9 personal identification certificate issued by the Department of  
10 Public Safety, the defendant's residence is the residence on the  
11 defendant's voter registration certificate. If the defendant is  
12 not registered to vote, the defendant's residence is the residence  
13 on file with the public school district on which the defendant's  
14 enrollment is based. If the defendant is not enrolled in public  
15 school, the defendant's residence is determined by the court.

16 (c) The court shall require the defendant to present to the  
17 court, within 90 days of the date of final conviction, evidence in  
18 the form prescribed by the court that the defendant, as ordered by  
19 the court, has satisfactorily completed an alcohol awareness or  
20 substance misuse education program or performed the required hours  
21 of community service. For good cause the court may extend this  
22 period by not more than 90 days. If the defendant presents the  
23 required evidence within the prescribed period, the court may  
24 reduce the assessed fine to an amount equal to no less than one-half  
25 of the amount of the initial fine.

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

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

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

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

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

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

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

1 beverage or consumable hemp product to a minor or with criminal  
2 negligence permitted a minor to violate Section 106.04 or 106.05 of  
3 this code on the licensed premises.

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

6 (a-1) In addition to the requirements in Subsection (a), an  
7 employee's actions relating to the sale, service, dispensing, or  
8 delivery of hemp beverages to a person who is not a member of a  
9 private club on the club premises, a minor, or an intoxicated person  
10 or the consumption of hemp beverages by a person who is not a member  
11 of a private club on the club premises, a minor, or an intoxicated  
12 person are not attributable to the employer if the employer holds a  
13 permit issued under Chapter 59 for the club premises and the  
14 employee has attended the annual hemp beverage training required  
15 under Section 59.09.

16 SECTION 70. Chapter 106, Alcoholic Beverage Code, is  
17 amended by adding Section 106.141 to read as follows:

18 Sec. 106.141. ACTIONS OF EMPLOYEE OF HEMP RETAILER. For  
19 purposes of this chapter and any other provision of this code  
20 relating to the sale, service, dispensing, or delivery of  
21 consumable hemp products to a minor or an intoxicated person or the  
22 consumption of consumable hemp products by a minor or an  
23 intoxicated person, the actions of an employee shall not be  
24 attributable to the employer if:

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

27 (2) the employer has not directly or indirectly

1 encouraged the employee to violate such law.

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

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

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

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

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

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

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

5        Sec. 109.01. SALE OF SALVAGED OR INSURED LOSS. If a person  
6 who does not hold a permit or license to sell alcoholic beverages or  
7 consumable hemp products acquires possession of alcoholic  
8 beverages or consumable hemp products as an insurer or insurance  
9 salvor in the salvage or liquidation of an insured damage or loss  
10 sustained in this state by a qualified licensee or permittee, the  
11 person [~~he~~] may sell the beverages or products in one lot or parcel  
12 as provided in this subchapter without being required to obtain a  
13 license or permit.

14        Sec. 109.02. REGISTRATION OF BEVERAGES OR CONSUMABLE HEMP  
15 PRODUCTS WITH COMMISSION. Immediately after taking possession of  
16 the alcoholic beverages or consumable hemp products, the insurer or  
17 insurance salvor shall register them with the commission,  
18 furnishing the commission a detailed inventory and the exact  
19 location of the beverages or products. At the time of registration,  
20 the registrant shall post with the commission a surety bond in an  
21 amount that the administrator finds adequate to protect the state  
22 against the taxes due on the beverages or products, if any are due.  
23 The registrant shall remit with the registration a fee of \$10. The  
24 fee only permits the sale of the beverages or products listed in the  
25 registration.

26        Sec. 109.03. PREREQUISITE TO SALABILITY. An alcoholic  
27 beverage or consumable hemp product is salable under this

subchapter only if it has not been adulterated, it is fit for human consumption, all tax stamps required by law have been affixed, and the labels are legible as to contents, brand, and manufacturer.

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

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

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

(b) The insurer or insurance salvor, the commission, and the distributor or manufacturer shall jointly agree whether the consumable hemp products are salable. If the consumable hemp products are determined to be unsalable, the commission shall destroy the products. If the consumable hemp products are determined to be salable, the products must first be offered for sale to the manufacturer or distributor at their cost price, less any state taxes that have been paid on the products.

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

SECTION 75. Section 109.06, Alcoholic Beverage Code, is

amended to read as follows:

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

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

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

SECTION 77. Section 203.01, Alcoholic Beverage Code, is  
amended to read as follows:

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

SECTION 78. Section 251.71, Alcoholic Beverage Code, is  
amended by adding Subsections (a-1) and (f) and amending Subsection  
(d) to read as follows:

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

(d) In an information, complaint, or indictment, an

allegation that an area is a dry area as to a particular type of alcoholic beverage, hemp beverage, or consumable hemp product is sufficient, but a different status of the area may be urged and proved as a defense.

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

SECTION 79. Section 251.72, Alcoholic Beverage Code, as effective September 1, 2025, is amended to read as follows:

Sec. 251.72. CHANGE OF STATUS. Except as provided in Sections 251.725, 251.726, 251.727, 251.728, 251.73, and 251.80, an authorized voting unit that has exercised or may exercise the right of local option retains the status adopted, whether absolute prohibition or legalization of the sale of hemp beverages, consumable hemp products, or alcoholic beverages of one or more of the various types and alcoholic contents on which an issue may be submitted under the terms of Section 501.035, Election Code, until that status is changed by a subsequent local option election in the same authorized voting unit.

SECTION 80. Section 251.73, Alcoholic Beverage Code, is amended to read as follows:

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

resides:

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

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

SECTION 81. Section 251.80(a-1), Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 82. Subchapter D, Chapter 251, Alcoholic Beverage Code, is amended by adding Sections 251.83, 251.84, and 251.85 to read as follows:

Sec. 251.83. SALE OF HEMP BEVERAGES. (a) The sale of hemp beverages is authorized in each authorized voting unit in this

state unless that status is changed by a local option election in the same authorized voting unit.

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

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

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

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

1        (b) Notwithstanding any other provision of this code, a  
2 person who has been issued a hemp distributor's license, whose  
3 warehouse or other facility used in connection with the  
4 distributorship is located in the area affected, may not  
5 subsequently be denied an original or renewal hemp distributor's  
6 license for the same location on the ground that the sale of  
7 consumable hemp products has been prohibited in the area by a local  
8 option election. A person holding a license at the time of the  
9 election or issued a license as authorized by this section may  
10 exercise all privileges granted by this code to the holder of a hemp  
11 distributor's license, except that the distributor may sell or  
12 deliver consumable hemp products only to licensed persons located  
13 where the sale of such products is legal.

14        SECTION 83. The Alcoholic Beverage Code is amended by  
15 adding Title 7 to read as follows:

16                TITLE 7. CONSUMABLE HEMP PRODUCTS

17                        SUBTITLE A. GENERAL PROVISIONS

18                                CHAPTER 301. GENERAL PROVISIONS

19                Sec. 301.001. DEFINITIONS. In this title:

20                (1) "Batch" means a specific quantity of plant matter,  
21 raw materials, or processed product that is uniform and intended to  
22 meet specifications for identity, strength, purity, and  
23 composition that displays the information required to be included  
24 under Sections 310.101(1) and 310.102(d).

25                (2) "Hemp biomass" means the unrefined and  
26 unadulterated plant matter including flowers, leaves, and other  
27 parts of the plant cannabis sativa L. with a total

tetrahydrocannabinol concentration of not more than 0.3 percent by dry weight.

(3) "Manufacture" has the meaning assigned by Section 431.002, Health and Safety Code.

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

(5) "Natural hemp flower" means unadulterated dried flower from the plant cannabis sativa L. with a total tetrahydrocannabinol concentration of not more than 0.3 percent by dry weight.

(6) "Phytocannabinoid" means a chemical substance:

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

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

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

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

(7) "Premises" means the grounds and all buildings, vehicles, and appurtenances pertaining to the grounds, including any adjacent premises if they are directly or indirectly under the control of the same person.

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

1                   (A) sold as a consumable hemp product;

2                   (B) offered for sale as a consumable hemp  
3 product;

4                   (C) incorporated into a consumable hemp product;  
5 or

6                   (D) intended to be incorporated into a consumable  
7 hemp product.

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

12                   (10) "Synthetic cannabinoid" means a man-made  
13 chemical substance created by using chemical synthesis, chemical  
14 modification, or chemical conversion that is intended to mimic a  
15 phytocannabinoid or is intended to or able to interact with the  
16 endocannabinoid system. The term does not include delta-9  
17 tetrahydrocannabinol produced through the conversion of naturally  
18 occurring hemp-derived cannabidiol.

19                   (11) "Total tetrahydrocannabinol concentration" means  
20 the value of tetrahydrocannabinol content determined after  
21 decarboxylation including delta-8, delta-9, delta-10,  
22 tetrahydrocannabinolic acid, and any other chemically similar  
23 isomer.

24                   (12) "Work in progress" means hemp extract that is in  
25 the intermediate phase of processing and refinement and that is not  
26 intended for sale to a distributor, a retailer, or an ultimate  
27 consumer.

1       Sec. 301.002. ROLE OF DEPARTMENT; TRANSITION OF  
2 ADMINISTRATIVE RESPONSIBILITY. (a) Notwithstanding Section  
3 1.04(10), a reference to "commission" in this title means the  
4 Department of State Health Services.

5       (b) A reference to "administrator" in this title means the  
6 commissioner of state health services.

7       (c) This section expires January 1, 2027.

8       Sec. 301.003. APPLICABILITY OF OTHER LAW. (a) Unless  
9 expressly provided otherwise in this title, the following  
10 provisions do not apply in the regulation of consumable hemp  
11 products or to a license issued under this title:

12           (1) Title 3;

13           (2) Chapter 102; and

14           (3) Sections 6.03 and 109.53.

15       (b) Except as provided by Section 431.011(c), Health and  
16 Safety Code, Chapter 431, Health and Safety Code, applies to a  
17 license holder and a consumable hemp product regulated under this  
18 chapter.

19       Sec. 301.004. POSSESSION, TRANSPORTATION, AND SALE OF  
20 CONSUMABLE HEMP PRODUCTS. A person may possess, transport, sell,  
21 or purchase a consumable hemp product only if the product is  
22 processed or manufactured in compliance with this title.

23       Sec. 301.005. LOW-THC CANNABIS. This title does not apply  
24 to low-THC cannabis regulated under Chapter 487, Health and Safety  
25 Code.

26       Sec. 301.006. LOCAL REGULATION PROHIBITED. (a) Except as  
27 provided by Subsection (b) or Chapters 251 and 501, Election Code, a

municipality, county, or other political subdivision of this state may not enact, adopt, or enforce a rule, ordinance, order, resolution, or other regulation that prohibits the processing of hemp, or the manufacturing, distribution, or sale of a consumable hemp product as authorized by this title.

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

Sec. 301.007. SEVERABILITY. (a) A provision of this title or its application to any person or circumstance is invalid if the secretary of the United States Department of Agriculture determines that the provision or application conflicts with 7 U.S.C. Chapter 38, Subchapter VII, and prevents the approval of the state plan submitted under Chapter 121, Agriculture Code.

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

Sec. 301.008. WAIVER OF REQUIREMENTS OR STANDARDS. (a) Subject to Subsection (b), the administrator by order may waive or modify a requirement or standard of this code as it applies to consumable hemp products or hemp beverages and a licensee or permittee that manufactures, distributes, or sells consumable hemp products or hemp beverages if the administrator determines that the

waiver or modification:

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

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

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

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

(c) This section expires May 28, 2029.

SUBTITLE B. TESTING

CHAPTER 305. TESTING OF CONSUMABLE HEMP PRODUCTS, HEMP BEVERAGES, HEMP BIOMASS, AND NATURAL HEMP FLOWER

Sec. 305.001. LICENSING OF HEMP TESTING LABORATORIES. (a) A hemp testing laboratory must be licensed by the commission. A hemp testing laboratory licensed under this chapter must comply with the requirements of Subchapter A, Chapter 310.

(b) To be eligible for a hemp testing laboratory license, a laboratory must be:

(1) accredited by an accreditation body in accordance with International Organization for Standardization ISO/IEC 17025 or a comparable successor;

(2) registered with the federal Drug Enforcement Administration; and

1           (3) located in this state.

2           (c) Notwithstanding Subsection (b)(3), the commission may  
3 issue a license to a hemp testing laboratory located in another  
4 state if the laboratory:

5           (1) is licensed in the laboratory's home jurisdiction;  
6 and

7           (2) posts a surety bond as required under Section  
8 310.017.

9           Sec. 305.002. LICENSE NUMBER. (a) The commission shall  
10 issue each licensed hemp testing laboratory a license number.

11           (b) A hemp testing laboratory shall put the license number  
12 issued under this section on each certificate of analysis issued by  
13 the laboratory.

14           Sec. 305.003. RESTRICTIONS ON LABORATORY OWNERSHIP OR  
15 INTEREST. (a) A licensed hemp manufacturer, distributor, or  
16 retailer may not be an owner or manager of a hemp testing  
17 laboratory.

18           (b) If a laboratory is publicly traded, a licensed hemp  
19 manufacturer, distributor, or retailer may not have more than a 10  
20 percent ownership interest in the laboratory.

21           (c) The commission by rule may impose more restrictive  
22 requirements than otherwise provided under this section regarding  
23 the ownership of or interest in a hemp testing laboratory by a  
24 holder of a license issued under this title or a hemp beverage  
25 permit.

26           Sec. 305.004. RULEMAKING. The commission shall adopt rules  
27 addressing:

1           (1) acceptable testing practices, including testing  
2 standards, compliance with certified good manufacturing processes,  
3 quality control analyses, equipment certification and calibration,  
4 and chemical identification;

5           (2) an allowable variance rate for determining the  
6 amount or potency of tetrahydrocannabinols or other cannabinoids in  
7 natural hemp flower, hemp biomass, a consumable hemp product, or a  
8 hemp beverage;

9           (3) corrective measures, root cause analyses,  
10 quarantines of suspect batches, fair notice of unintentional or  
11 negligent violations, destruction of failed batches, documentation  
12 requirements, random hemp testing laboratory assurance checks, and  
13 data-driven quality assurance checks;

14           (4) the proper procedure and documentation for  
15 destruction of natural hemp flower or hemp biomass or of any  
16 extracts or manufactured product that testing shows may not be sold  
17 or introduced into commerce in this state; and

18           (5) any other subject the commission considers  
19 necessary to implement this chapter.

20           Sec. 305.005. TESTING REQUIRED. (a) Natural hemp flower,  
21 hemp biomass, a consumable hemp product, or a hemp beverage must be  
22 tested as provided by this section.

23           (b) Before natural hemp flower or hemp biomass is processed,  
24 sold, or otherwise used in the manufacture of a consumable hemp  
25 product or hemp beverage, a sample representing the flower or  
26 biomass must be tested, as required by the commission, to  
27 determine:

1           (1) the presence and concentration of various  
2 cannabinoids;

3           (2) the presence and quantity of residual solvents,  
4 heavy metals, pesticides, harmful pathogens, and any other  
5 substance prescribed by commission rule; and

6           (3) that the sample contains a total  
7 tetrahydrocannabinol concentration of not more than 0.3 percent.

8           (c) The tetrahydrocannabinol testing procedure for natural  
9 hemp flower or hemp biomass under this section must use  
10 post-decarboxylation or a similar method that includes the  
11 conversion of tetrahydrocannabinolic acid into delta-9  
12 tetrahydrocannabinol as described by 7 C.F.R. Part 990.

13           (d) Before material extracted from hemp by processing,  
14 other than work in progress, is sold as or offered for sale as a  
15 consumable hemp product or hemp beverage, the material must be  
16 tested as required by the commission to determine:

17                   (1) the presence of harmful microorganisms; and

18                   (2) the presence or quantity of:

19                           (A) any residual solvents used in processing, if  
20 applicable; and

21                           (B) any other substance prescribed by commission  
22 rule.

23           (e) Before a consumable hemp product or hemp beverage is  
24 sold at retail or otherwise introduced into commerce in this state,  
25 a sample representing each batch of the product or beverage must be  
26 tested to determine that the product or beverage does not contain a  
27 total delta-9 tetrahydrocannabinol concentration of more than 0.3

1 percent.

2       Sec. 305.006. PROVISION OF TEST RESULTS. (a) A person  
3 licensed under Chapter 122, Agriculture Code, shall provide to a  
4 holder of a license issued under Subchapter B, Chapter 310, who is  
5 processing hemp harvested by the person or otherwise using that  
6 hemp to manufacture a consumable hemp product or hemp beverage the  
7 results of a test conducted under that chapter, if available, as  
8 proof that the total tetrahydrocannabinol concentration of the hemp  
9 does not exceed 0.3 percent.

10       (b) A holder of a license issued under Subchapter B, Chapter  
11 310, shall make available to a seller of a consumable hemp product  
12 or hemp beverage processed or manufactured by the license holder  
13 the results of testing required by Section 305.005. The results may  
14 accompany a shipment to the seller or be made available to the  
15 seller electronically. If the results are not made available, the  
16 seller may have the testing required under Section 305.005  
17 performed on the product or beverage and shall make the results  
18 available to a consumer.

19       Sec. 305.007. SALE OR INTRODUCTION INTO COMMERCE. (a)  
20 Natural hemp flower or hemp biomass that has a total  
21 tetrahydrocannabinol concentration of more than 0.3 percent by dry  
22 weight, subject to the measure of uncertainty, may not be sold at  
23 retail or otherwise introduced into commerce in this state.

24       (b) A consumable hemp product or hemp beverage may not be  
25 sold at retail or otherwise introduced into commerce in this state  
26 if the tetrahydrocannabinol content exceeds the applicable limit  
27 established by Section 1.04(35), 59.10, or 320.005.

SUBTITLE C. REGULATION

CHAPTER 310. LICENSING

SUBCHAPTER A. GENERAL PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (2) a statement that the applicant understands and  
24 consents to inspections under Section [101.04](#).

25 Sec. 310.004. CONTENTS OF APPLICATION: DISTRIBUTORS. In  
26 addition to any requirements imposed by this subchapter or the  
27 commission, an application for a hemp distributor's license must

include:

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

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

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

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

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

Sec. 310.006. APPEAL FROM DENIAL. (a) If a license is issued on the basis of a district court judgment and that judgment is reversed on appeal, the mandate of the appellate court automatically invalidates the license and the applicant is entitled to a proportionate refund of fees for the unexpired portion of the license. The commission may appropriate as much of the proceeds from license fees collected under this title as necessary for the payment of those refunds.

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

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

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

9       (c) Not later than the 30th day after the date a prospective  
10 applicant for a license issued by the commission under this title  
11 requests certification, the city secretary or clerk of the city in  
12 which the request is made shall certify whether the location or  
13 address given in the request is in a wet area for consumable hemp  
14 products.

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

20       (e) Notwithstanding any other provision of this code, if the  
21 county clerk, city secretary, or city clerk certifies that the  
22 location or address given in the request is not in a wet area or  
23 refuses to issue the certification required by this section, the  
24 prospective applicant is entitled to a hearing before the county  
25 judge to contest the certification or refusal to certify. The  
26 prospective applicant must submit a written request to the county  
27 judge for a hearing under this subsection. The county judge shall

1 conduct a hearing required by this subsection not later than the  
2 30th day after the date the county judge receives the written  
3 request.

4 Sec. 310.008. RENEWAL APPLICATION. (a) An application to  
5 renew a license issued under this title must be filed with the  
6 commission not earlier than the 30th day before the date the license  
7 expires but not after it expires. The application must be signed by  
8 the applicant and must contain complete information required by the  
9 commission showing that the applicant is not disqualified from  
10 holding a license. The application must be accompanied by the  
11 appropriate license fee.

12 (b) When the renewal application has been filed in  
13 accordance with Subsection (a), the commission shall follow the  
14 procedures for reviewing a license application under Section  
15 310.002.

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

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

24 (c) The commission may issue a license with an expiration  
25 date of less than two years after the date the license is issued to  
26 maintain a reasonable annual distribution of renewal application  
27 review work and license fees. If the commission issues a license

1 with an expiration date of less than two years after the date the  
2 license is issued, the commission shall prorate the license fee on a  
3 monthly basis so the license holder pays only that portion of the  
4 license fee that is allocable to the number of months during which  
5 the license is valid.

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

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

11 Sec. 310.011. NAME OF BUSINESS. A person may not own,  
12 wholly or partly, a business engaged in the processing,  
13 manufacture, transportation, distribution, importation, or sale of  
14 consumable hemp products under a name other than the name to which  
15 the license covering the person's place of business is issued.

16 Sec. 310.012. PRIVILEGES LIMITED TO LICENSED PREMISES.  
17 Except as otherwise provided by this title, a person licensed to  
18 sell consumable hemp products at retail may not use or display a  
19 license or exercise a privilege granted by the license except at the  
20 licensed premises.

21 Sec. 310.013. AGENT FOR SERVICE. Each licensed hemp  
22 manufacturer, out-of-state hemp manufacturer, and hemp  
23 distributor, or person shipping or delivering consumable hemp  
24 products into this state, shall file a certificate with the  
25 secretary of state designating the name, street address, and  
26 business of the person's agent on whom process may be served. If a  
27 certificate is not filed, service may be had on the secretary of

state in any cause of action arising out of a violation of this code, and the secretary of state shall send any citation served on the secretary by registered mail, return receipt requested, to the person for whom the citation is intended. The receipt is prima facie evidence of service on the person.

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

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

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

Sec. 310.017. CONDUCT SURETY BOND. (a) Except as provided by Subsections (b) and (f), an applicant for or a holder of a license issued under this title shall file with the commission a surety bond in the amount of \$5,000, conditioned on the applicant's or license holder's compliance with laws relating to consumable

1 hemp products and narcotics. This bond requirement is in addition  
2 to any other applicable bond requirement imposed by this code.

3 (b) An applicant for or a holder of a hemp testing  
4 laboratory license shall file with the commission a surety bond in  
5 the amount of \$25,000, conditioned on the applicant's or license  
6 holder's compliance with laws and regulations relating to hemp and  
7 the testing of hemp, consumable hemp products, and hemp beverages.

8 (c) A surety bond required under this section must contain  
9 the following statements on the face of the bond:

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

13 (2) that the license holder agrees that the amount of  
14 the bond shall be paid to the state if the license is revoked or on  
15 final adjudication that the license holder violated a provision of  
16 this code, regardless of whether the actions of an employee of the  
17 license holder are attributable to the license holder under Section  
18 106.141.

19 (d) The commission shall adopt rules relating to the:

20 (1) form of a surety bond;  
21 (2) qualifications for a surety;  
22 (3) method for filing and obtaining approval of the  
23 bond by the commission; and  
24 (4) release or discharge of the bond.

25 (e) A license holder required to file a surety bond may  
26 furnish instead of all or part of the required bond amount:

27 (1) one or more certificates of deposit assigned to

1 the state issued by a federally insured bank or savings institution  
2 authorized to do business in this state; or

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

6 (f) A license holder who has held a license for three years  
7 or more before the date the license holder applied for renewal of  
8 the license is not required to furnish a surety bond if the license  
9 holder:

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

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

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

18 (g) If a license holder is exempt from furnishing a conduct  
19 surety bond under Subsection (f), the license holder is exempt from  
20 furnishing the bond at another location where the license holder  
21 applies for or holds a license.

22 Sec. 310.018. LICENSING FEES. (a) A separate license fee  
23 is required for each place of business that tests, manufactures,  
24 processes, imports, transports, distributes, delivers, or sells  
25 consumable hemp products.

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

- (1) \$3,000 for a hemp manufacturer's license;
- (2) \$5,000 for an out-of-state hemp manufacturer's  
license;
- (3) \$1,500 for a hemp distributor's license;
- (4) \$2,000 for an off-premise hemp retailer's license;
- (5) \$4,000 for an on-premise hemp retailer's license;
- (6) \$1,100 for a hemp carrier's license;
- (7) \$10,000 for a hemp consumer delivery license; and
- (8) \$1,000 for a hemp testing laboratory.

(c) All license fees shall be deposited to the credit of the  
hemp regulation account under Section 350.001. Each license  
application must be accompanied by a cashier's check, a teller's  
check, a check drawn on the account of a corporation applying for a  
license or on the account of a corporation that is an agent for the  
person applying for a license, a money order, or payment by credit  
card, charge card, or other electronic form of payment approved by  
commission rule for the amount of the fee, payable to the order of  
the comptroller of public accounts.

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

(e) The commission may not refund a license fee except when  
an application for a license is rejected by the commission or  
administrator. As much of the proceeds from license fees as is  
necessary may be appropriated for that purpose.

Sec. 310.019. MANDATORY GROUNDS FOR DENIAL. (a) In this  
section, "applicant" includes, as of the date of the application,  
each member of a partnership or association and, with respect to a

1 corporation, each officer and the owner or owners of a majority of  
2 the corporate stock.

3 (b) The commission shall deny an application for a license  
4 under this title if the commission has reasonable grounds to  
5 believe and finds that:

6 (1) the applicant is a minor;

7 (2) the applicant is indebted to the state for any  
8 taxes, fees, or penalties imposed by this code or a rule adopted by  
9 the commission;

10 (3) the place or manner in which the applicant may  
11 conduct the applicant's business warrants a denial of the  
12 application for a license based on the general welfare, health,  
13 peace, morals, safety, and sense of decency of the people;

14 (4) the applicant has developed an incapacity that  
15 prevents or could prevent the applicant from conducting the  
16 applicant's business with reasonable skill, competence, and safety  
17 to the public;

18 (5) the applicant is not a United States citizen or  
19 legal resident of the United States;

20 (6) the applicant was finally convicted of a felony  
21 during the five years immediately preceding the filing of the  
22 applicant's application;

23 (7) the applicant is not of good moral character or the  
24 applicant's reputation for being a peaceable, law-abiding citizen  
25 in the community where the applicant resides is bad;

26 (8) as to a corporation, it is not incorporated under  
27 the laws of this state, or at least 51 percent of the corporate

1 stock is not owned at all times by persons who individually are  
2 qualified to obtain a license;

3 (9) the applicant was finally convicted of a felony  
4 under Chapter 481, Health and Safety Code, during the ten years  
5 immediately preceding the filing of the applicant's application; or

6 (10) granting the license would result in subterfuge  
7 ownership of the license or the licensed premises in violation of  
8 Section 310.036.

9 (c) The commission shall deny an application for an original  
10 hemp manufacturer's license or hemp retailer's license unless the  
11 applicant for the license files with the application a certificate  
12 issued by the comptroller of public accounts stating that the  
13 applicant holds, or has applied for and satisfies all legal  
14 requirements for the issuance of, a sales tax permit for the place  
15 of business for which the license is sought.

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

20 (1) a shooting, stabbing, or other violent act; or

21 (2) an offense involving drugs, prostitution, or  
22 trafficking of persons.

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

26 (f) The commission shall deny an application for an original  
27 or renewal license if the commission has reasonable grounds to

believe and finds that, during the three years immediately preceding the date the license application was filed, a license or permit previously held under this code by the applicant, a person who owns the premises for which the license is sought, or an officer of a person who owns the premises for which the license is sought was canceled or not renewed as a result of a shooting, stabbing, or other violent act.

Sec. 310.020. MANDATORY GROUNDS FOR DENIAL: HEMP MANUFACTURERS. The commission shall deny an application for a hemp manufacturer's license or an out-of-state hemp manufacturer's license if the commission has reasonable grounds to believe, and finds that the applicant has failed to state under oath, that it will engage in the business of manufacturing consumable hemp products within one year after the issuance of its original license in sufficient quantities as to make its operation that of a bona fide manufacturer. The license holder is ineligible to renew, and the commission may cancel, its license if it ceases to be a bona fide manufacturer.

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

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

(1) the applicant has been finally convicted in a court of competent jurisdiction for the violation of a provision of

1 this code during the two years immediately preceding the filing of  
2 an application;

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

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

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

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

18 (6) the applicant or a person with whom the applicant  
19 is residentially domiciled had an interest in a license or permit  
20 issued under this code that was canceled or revoked within the  
21 12-month period immediately preceding the filing of an application;

22 (7) the applicant will conduct business in a manner  
23 contrary to law or in a place or manner conducive to a violation of  
24 the law; or

25 (8) the place, building, or premises for which the  
26 license is sought was used for selling consumable hemp products,  
27 narcotic drugs, as defined by Section [481.002](#), Health and Safety

Code, or alcoholic beverages in violation of the law at any time during the six months immediately preceding the filing of the application or was used, operated, or frequented during that time for a purpose or in a manner which was lewd, immoral, offensive to public decency, or in violation of this code.

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

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

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

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

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

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

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

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

(8) possessed on the licensed premises, or on adjacent premises directly or indirectly under the license holder's control,

1 a consumable hemp product not authorized to be sold on the licensed  
2 premises, or permitted an agent, servant, or employee to do so;

3 (9) employed a person under 21 years of age to sell,  
4 handle, or dispense consumable hemp products, or to assist in doing  
5 so, except as authorized under Sections 310.302 and 310.303;

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

7 (11) refused to permit or interfered with an  
8 inspection or investigation of the licensed premises, vehicles, or  
9 records by an authorized representative of the commission or a  
10 peace officer;

11 (12) permitted the use or display of the license  
12 holder's license in the conduct of a business for the benefit of a  
13 person not authorized by law to have an interest in the license;

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

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

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

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

26 (17) manufactured, processed, purchased, imported,  
27 exported, sold, offered for sale, distributed, or delivered a

1 consumable hemp product while the license holder's license was  
2 under suspension;

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

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

12 (20) imported consumable hemp products into this state  
13 in violation of this title;

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

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

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

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

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

(26) was intoxicated on the premises;

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

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

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

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

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

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

(c) The commission or administrator without a hearing may for investigative purposes summarily suspend an off-premise hemp retailer's license or on-premise hemp retailer's license for not more than seven days if the commission or administrator finds that a

shooting, stabbing, or murder has occurred on the licensed premises that is likely to result in a subsequent act of violence. Notice of the order suspending the license shall be given to the license holder personally within 24 hours of the time the violent act occurs. If the license holder cannot be located, notice shall be provided by posting a copy of the order on the front door of the licensed premises.

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

- (1) the type of license held;
- (2) the type of violation;
- (3) any aggravating or ameliorating circumstances concerning the violation; and
- (4) the license holder's previous violations.

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

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

(c) If an emergency order is issued without a hearing under this section, the commission or administrator shall set the time and place for a hearing to be conducted not later than the 10th day after the date the order was issued. A hearing under this section

1 to affirm, modify, or set aside the emergency order shall be  
2 conducted by the State Office of Administrative Hearings. The  
3 order shall be affirmed if the administrative law judge determines  
4 that reasonable cause existed to issue the order.

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

10 (e) A proceeding under this section is a contested case  
11 under Chapter [2001](#), Government Code.

12 Sec. 310.024. CANCELLATION FOR IMPROPER DISPLAY OR USE OF  
13 LICENSE. The commission or administrator shall cancel a license  
14 issued under this title if it is found, after notice and hearing,  
15 that the license holder was convicted of an offense under Section  
16 [101.76](#).

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

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

25 (A) specific allegations that the place or manner  
26 in which the license holder conducts its business endangers the  
27 general welfare, health, peace, morals, or safety of the community;

1 and

2 (B) that there is a reasonable likelihood that  
3 such conduct would continue at the same location under another  
4 license holder; and

5 (2) the commission finds, after notice and hearing,  
6 that:

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

10 (B) there is a reasonable likelihood that such  
11 conduct would continue at the same location under another license  
12 holder.

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

15 Sec. 310.026. SUSPENSION INSTEAD OF CANCELLATION. When a  
16 cause for the cancellation of a license is prescribed by this title,  
17 the commission or administrator has the discretionary authority to  
18 suspend the license for not more than 60 days rather than to cancel  
19 the license.

20 Sec. 310.027. ALTERNATIVES TO SUSPENSION OR CANCELLATION.  
21 (a) When the commission or administrator is authorized to suspend a  
22 license under this title, the commission or administrator, in its  
23 discretion, may give the license holder the opportunity to pay a  
24 civil penalty rather than have the license suspended.

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

1           (1) the type of license held;  
2           (2) the type of violation;  
3           (3) any aggravating or ameliorating circumstances  
4 concerning the violation; and  
5           (4) any past violations of this code by the license  
6 holder.

7           (c) The commission or administrator shall determine the  
8 amount of the penalty, which may not be less than \$150 or more than  
9 \$25,000 for each day the license was to have been suspended.

10           (d) If the license holder does not pay the penalty before  
11 the sixth day after the commission or administrator notifies the  
12 license holder of the amount, the commission or administrator shall  
13 impose the suspension.

14           (e) In the case of a violation of this code by a licensee,  
15 the commission or administrator may relax any provision of this  
16 title relating to the suspension or cancellation of the license and  
17 assess a sanction the commission or administrator finds just under  
18 the circumstances, and the commission or administrator may  
19 reinstate the license or permit at any time during the period of  
20 suspension on payment by the license holder of a fee of not less  
21 than \$75 nor more than \$500, if the commission or administrator  
22 finds that any of the following circumstances exists:

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

25           (2) that the license holder was entrapped;

26           (3) that an agent, servant, or employee of the license  
27 holder violated this code without the knowledge of the license

holder;

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

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

(6) that the violation was a technical one.

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

(1) the type of license held;

(2) the type of violation;

(3) any aggravating or ameliorating circumstances concerning the violation, including those enumerated in Subsection (b);

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

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

(g) Any fees and civil penalties received by the commission or administrator under this section shall be deposited to the credit of the hemp regulation account under Section 350.001.

Sec. 310.028. CERTAIN ACTS ALSO VIOLATIONS OF CODE. Any act or omission which is a ground for cancellation or suspension of a license under this title is also a violation of this code,

1 punishable as provided by Section 1.05, except that the penalty for  
2 making a false statement in an application for a license or in a  
3 statement, report, or other instrument to be filed with the  
4 commission is provided by Section 101.69.

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

8 Sec. 310.030. HEARING FOR CANCELLATION OR SUSPENSION OF  
9 LICENSE. The commission or administrator, on the motion of either,  
10 may set a date for a hearing to determine if a license should be  
11 canceled or suspended. The commission or administrator shall  
12 notify the license holder of the hearing and of its right to appear  
13 and show cause why the license should not be canceled or suspended.

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

18 Sec. 310.032. MAY NOT RESTRAIN SUSPENSION ORDER. A suit of  
19 any nature may not be maintained in a court of this state to  
20 restrain the commission or administrator or any other officer from  
21 enforcing an order of suspension issued by the commission or  
22 administrator.

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

26 Sec. 310.034. ACTIVITIES PROHIBITED DURING CANCELLATION OR  
27 SUSPENSION. (a) A person whose license is canceled may not test,

1 manufacture, process, distribute, import, store, deliver, sell, or  
2 offer for sale consumable hemp products for a period of one year  
3 immediately following the cancellation, unless the order of  
4 cancellation is superseded pending trial or unless the person  
5 prevails in a final judgment rendered on an appeal prosecuted in  
6 accordance with this code.

7 (b) A person may not test, manufacture, process,  
8 distribute, import, store, deliver, sell, or offer for sale a  
9 consumable hemp product which the person was authorized to sell  
10 under a license after the license has been suspended. If it is  
11 established to the satisfaction of the commission or administrator  
12 at a hearing that a consumable hemp product was tested,  
13 manufactured, processed, distributed, imported, stored, delivered,  
14 sold, or offered for sale during a period of suspension, the  
15 commission or administrator may cancel the license.

16 Sec. 310.035. MULTIPLE LICENSES. A person may hold more  
17 than one license type under this chapter.

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

20 (b) The commission or administrator may suspend for not more  
21 than 60 days or cancel a license issued under this title if it is  
22 found, after notice and hearing, that the license holder violated  
23 Subsection (a).

24 SUBCHAPTER B. MANUFACTURING

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

27 (1) receive and process at the licensed premises

1 natural hemp flower or hemp biomass from a hemp grower licensed  
2 under Section 122.101, Agriculture Code, or a hemp grower licensed  
3 under another state's laws;

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

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

9 (4) label and package the license holder's finished  
10 consumable hemp products, including natural hemp flowers;

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

14 (6) sell the finished consumable hemp products to  
15 ultimate consumers at the manufacturer's licensed premises for  
16 off-premise consumption only and not for the purpose of resale; and

17 (7) sell and deliver finished consumable hemp products  
18 to ultimate consumers off the licensed premises, but not for resale  
19 purposes.

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

26 (1) the licensed premises of a purchaser;

27 (2) an ultimate consumer, as provided by Subsection

1 (a)(7); and

2 (3) lawful destinations outside this state for  
3 delivery to qualified purchasers or recipients.

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

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

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

12 (2) any other information the commission requires.

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

16 (1) described to the commission under Subsection (d);

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

19 (3) printed or painted with the manufacturer's  
20 discrete mark or brand and the manufacturer's license number as  
21 required for the holder of a hemp distributor's license under  
22 Section 310.203.

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

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

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

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

3                   (B) private warehouse that is:

4                         (i) operated and either owned or leased by  
5 the license holder; and

6                         (ii) registered with the commission.

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

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

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

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

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

1       (1) A holder of a hemp manufacturer's license shall label  
2 each batch to include:

3               (1) the manufacturer's license number; and  
4               (2) a sequence to allow for inventory, traceability,  
5 and identification of the plant or extract batches used in the  
6 production of products.

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

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

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

12              (2) solicit and take orders for works in progress from  
13 a holder of a hemp manufacturer's license;

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

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

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

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

26              (2) ultimate consumers, as provided by Subsection

27 (a)(4).

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

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

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

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

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

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

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

27       Sec. 310.104. SELF-AUDITS. (a) At least once every

1 calendar quarter, a person licensed under this subchapter shall  
2 conduct a self-audit of inventory creation, tracking, and sales and  
3 maintain the resulting data in the form and for the duration  
4 required by the commission.

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

7 (c) This data qualifies as a private record under Section  
8 5.48.

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

12 SUBCHAPTER C. DISTRIBUTION

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

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

17 (2) purchase consumable hemp products from holders of  
18 hemp manufacturer's licenses;

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

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

24 (5) sell consumable hemp products to qualified persons  
25 outside this state.

26 (b) The holder of a hemp distributor's license may ship  
27 consumable hemp products using a licensed hemp carrier or the

United States Postal Service, or personally transport consumable hemp products, for a lawful purpose:

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

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

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

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

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

(2) any other information the commission requires.

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

(1) described to the commission under Subsection (c);

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

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

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

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

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

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

5                   (B) private warehouse that is:

6                           (i) operated and either owned or leased by  
7 the license holder; and

8                           (ii) registered with the commission.

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

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

16           Sec. 310.202. TRACKING. Each vehicle used by a holder of a  
17 hemp distributor's license must be equipped with a global  
18 positioning system tracking device. The commission shall by rule  
19 determine the length of time tracking data must be recorded and  
20 stored by the license holder.

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

25                   SUBCHAPTER D. RETAIL SALE OF HEMP

26           Sec. 310.301. GENERAL HEMP RETAILER PROVISIONS. (a) A hemp  
27 retailer's location must be at a fixed location and may not be in a

vehicle or otherwise mobile.

(b) A hemp retailer:

(1) may sell:

(A) consumable hemp products, including natural hemp flower;

(B) if the retailer holds a hemp beverage permit, hemp beverages; and

(C) other products that do not contain cannabinoids; and

(2) may not sell tobacco and nicotine products or alcoholic beverages.

(c) For the purposes of Subsection (b), the term "alcoholic beverages" does not include hemp beverages.

(d) A hemp retailer may deliver to ultimate consumers consumable hemp products:

(1) only in response to bona fide orders placed by the consumer with the retailer; and

(2) only in areas where the sale of the product is legal in:

(A) the county in which the premises of the retailer making the sale is located;

(B) the city or town in which the premises of the retailer making the sale is located, if the license holder is located in a city or town; or

(C) an area not farther than two miles beyond the municipal boundary of the city or town in which the premises of the retailer is located, if applicable.

Sec. 310.302. OFF-PREMISE HEMP RETAILER'S LICENSE. (a)

The holder of an off-premise hemp retailer's license may:

(1) purchase finished consumable hemp products in this state from the holder of a hemp manufacturer's, out-of-state hemp manufacturer's, or hemp distributor's license;

(2) purchase hemp beverages from persons authorized to manufacture and distribute hemp beverages under this code;

(3) sell finished consumable hemp products and hemp beverages in unbroken original containers and packages on or from the holder's licensed premises at retail to ultimate consumers for off-premise consumption only and not for the purpose of resale; and

(4) sell and deliver finished consumable hemp products and hemp beverages to ultimate consumers off the licensed premises, but not for resale purposes.

(b) The holder of an off-premise hemp retailer's license may ship consumable hemp products and hemp beverages using a licensed hemp carrier, the United States Postal Service, or a hemp consumer delivery license holder or personally transport those items, if the shipping or transportation is for a lawful purpose, from the retailer's licensed premises to ultimate consumers, as provided by Subsection (a)(4).

(c) The holder of an off-premise hemp retailer's license personally transporting consumable hemp products or hemp beverages under this section shall provide to the commission:

(1) a full description of each motor vehicle used by the license holder for transporting those items; and

(2) any other information the commission requires.

1       (d) The holder of an off-premise hemp retailer's license may  
2 transport consumable hemp products and hemp beverages only in a  
3 vehicle that is:

- 4               (1) described to the commission under Subsection (c);  
5               (2) owned or leased in good faith by the license holder  
6 or by the license holder's agent; and  
7               (3) printed or painted with the retailer's discrete  
8 mark or brand and the retailer's license number as required for the  
9 holder of a hemp distributor's license under Section 310.203.

10       (e) An off-premise hemp retailer's license holder may only  
11 engage in the activities described by this section regarding hemp  
12 beverages if the license holder also obtains a hemp beverage  
13 permit.

14       (f) A person may not hold or have an interest, directly or  
15 indirectly, in more than 25 hemp retailer stores or in their  
16 business or license.

17       (g) For the purpose of Subsection (f):

- 18               (1) a person has an interest in any license in which  
19 the person's spouse has an interest; and  
20               (2) as to a corporate license holder, the  
21 stockholders, managers, officers, agents, servants, and employees  
22 of the corporation have an interest in the license, business, and  
23 hemp retailer stores of the corporation.

24       (h) An off-premise hemp retailer's license may not be owned  
25 or held by:

- 26               (1) a public corporation;  
27               (2) any entity that is directly or indirectly owned or

1 controlled, wholly or partly, by a public corporation; or

2 (3) any entity that would hold the license for the  
3 benefit of a public corporation.

4 (i) For purposes of Subsection (h), a public corporation  
5 means:

6 (1) any corporation or other legal entity whose shares  
7 or other evidence of ownership are listed on a public stock  
8 exchange; or

9 (2) any corporation or other legal entity in which  
10 more than 35 persons hold an ownership interest in the entity.

11 (j) Before the commission may renew an off-premise hemp  
12 retailer's license, an individual who is an owner or officer of the  
13 license holder must file with the commission a sworn affidavit  
14 stating that the license holder fully complies with the  
15 requirements of Subsection (h).

16 (k) Any off-premise hemp retailer's license holder who is  
17 injured in its business or property by another hemp retailer or by  
18 any other person by reason of anything prohibited in Subsection (h)  
19 may institute suit in any district court in the county where the  
20 violation is alleged to have occurred to require enforcement by  
21 injunctive procedures and to recover triple damages plus costs of  
22 suit, including reasonable attorney's fees.

23 (l) An off-premise hemp retailer's license holder may not  
24 knowingly use or employ any person under 21 years of age to work on  
25 the premises of the retailer in any capacity. This subsection does  
26 not apply to a person who is at least 18 years of age and who is  
27 employed by the person's parent or legal guardian to work in the

1 retailer that is owned by the parent or legal guardian.

2 (m) An off-premise hemp retailer business may operate only  
3 during the hours in which a person may sell malt beverages under  
4 Section 105.05.

5 Sec. 310.303. ON-PREMISE HEMP RETAILER'S LICENSE. (a)  
6 Except as otherwise provided in this section, all requirements,  
7 restrictions, and privileges of an off-premise hemp retailer's  
8 license provided under Section 310.302 apply to an on-premise hemp  
9 retailer's license holder.

10 (b) In addition to the privileges authorized under  
11 Subsection (a), an on-premise hemp retailer's license holder may  
12 sell consumable hemp products in unbroken original containers and  
13 packages on or from the holder's licensed premises at retail to  
14 ultimate consumers for on- or off-premise consumption and not for  
15 the purpose of resale.

16 (c) If an on-premise hemp retailer's license holder also  
17 obtains a hemp beverage permit, the license holder may serve, mix,  
18 and pour hemp beverages for on-premises consumption provided that  
19 the beverage provided to the consumer does not contain more than  
20 five milligrams of delta-9 tetrahydrocannabinol.

21 Sec. 310.304. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS  
22 TRAINING PROGRAM. (a) The commission by rule shall develop a  
23 training program on:

24 (1) the requirements and responsibilities provided by  
25 law for persons authorized to sell consumable hemp products at  
26 retail; and

27 (2) the nature and risks associated with the

1 consumption of consumable hemp products.

2 (b) The commission may develop the training program in  
3 conjunction with the training program required under Section 59.09.

4 (c) A license holder authorized to sell consumable hemp  
5 products at retail, and the holder's agents, servants, and  
6 employees that engage in such sales, shall annually complete the  
7 training program developed by the commission under Subsection (a).

8 (d) If a license holder authorized to sell consumable hemp  
9 products at retail is not an individual, an officer, director, or  
10 other individual with senior management responsibilities shall  
11 annually complete the training program developed under Subsection  
12 (a) on behalf of the license holder.

13 (e) The training program developed under this section is not  
14 a seller training program for purposes of Section 106.14.

15 Sec. 310.305. SALES NEAR CERTAIN LOCATIONS. (a)  
16 Notwithstanding any other law, the retail sale of consumable hemp  
17 products is prohibited within 300 feet of a school, church, public  
18 playground, day-care center, child-care center, homeless shelter,  
19 or substance abuse treatment center.

20 (b) The measurement of the distance between the place of  
21 business where consumable hemp products are sold and the school,  
22 church, playground, center, or shelter shall be in a direct line  
23 from the property line of the school, church, playground, center,  
24 or shelter to the property line of the place of business, and in a  
25 direct line across intersections.

26 Sec. 310.306. VIDEO SURVEILLANCE. (a) A license holder  
27 authorized to sell consumable hemp products at retail shall install

1 a fully operational video surveillance and camera recording system  
2 on the licensed premises. The system must capture video of the  
3 portion of the premises accessible to the public, including the  
4 checkout area but excluding any restroom.

5 (b) A license holder shall make available on request any  
6 video recordings captured by the system to the commission or a law  
7 enforcement agency with jurisdiction over the license holder or  
8 premises.

9 (c) Video recordings under this section are private records  
10 under Section 5.48.

11 (d) The commission shall adopt rules establishing standards  
12 and requirements for the video surveillance and camera recording  
13 system and retention requirements for video footage captured on the  
14 system.

15 Sec. 310.307. ELECTRONIC VERIFICATION OF CONSUMER'S  
16 IDENTIFICATION. (a) A holder of a hemp manufacturer's license or  
17 hemp retailer's license authorized to sell, serve, or deliver  
18 consumable hemp products or hemp beverages to an ultimate consumer,  
19 or the license holder's agent, servant, or employee shall, before  
20 initiating the sale or delivery, verify that the purchaser or  
21 recipient of the delivery is 21 years of age or older.

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

24 (1) personally inspecting the provided proof of  
25 identification;

26 (2) scanning the provided proof of identification with  
27 a device capable of deciphering electronically readable

1 information on a driver's license, commercial driver's license, or  
2 identification certificate;

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

5 (4) using any other identification security features  
6 the commission determines appropriate.

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

15 (d) A holder of a hemp manufacturer's license or hemp  
16 retailer's license, or the license holder's agent, servant, or  
17 employee, may not sell, serve, or deliver a consumable hemp product  
18 or hemp beverage to a purchaser or recipient unless the person  
19 presents an apparently valid, unexpired proof of identification.

20 Sec. 310.308. SELF-AUDITS. At least once every calendar  
21 quarter, a hemp retailer shall conduct a self-audit of inventory  
22 tracking and sales data and maintain the resulting data in the form  
23 required and for the duration required by the commission. The  
24 license holder shall provide the data to the commission on request.  
25 This data qualifies as a private record under Section 5.48.

26 Sec. 310.309. AGE REQUIREMENTS. Except as provided by  
27 Section 310.302(1) or other law, a person under 21 years of age may

1 not be permitted to enter the premises of a holder of a hemp  
2 manufacturer's license or hemp retailer.

3 SUBCHAPTER E. HEMP CARRIER LICENSE

4 Sec. 310.401. HEMP CARRIER LICENSE. (a) The holder of a  
5 hemp carrier license may transport consumable hemp products into  
6 and out of this state and between points within this state.

7 (b) The license holder may transport consumable hemp  
8 products from one wet area to another wet area across a dry area if  
9 that course of transportation is necessary or convenient.

10 (c) The holder of a hemp carrier license who transports  
11 consumable hemp products to the premises of a holder of a hemp  
12 manufacturer's license or hemp distributor's license, or the  
13 license holder's authorized place of storage, shall provide to the  
14 consignee a shipping invoice that clearly states:

15 (1) the name and address of the consignor and  
16 consignee;

17 (2) the origin and destination of the shipment; and

18 (3) any other information required by this code or  
19 commission rule, including the brands of consumable hemp products,  
20 sizes of containers, types of consumable hemp products, and  
21 quantities of consumable hemp products contained in the shipment.

22 (d) A hemp carrier license may be issued to:

23 (1) a water carrier;

24 (2) an airline;

25 (3) a railway;

26 (4) a motor carrier registered under Chapter [643](#),  
27 Transportation Code; or

1           (5) a common carrier operating under a certificate  
2 issued by the Interstate Commerce Commission.

3           (e) The holder of a hemp carrier license shall furnish  
4 information required by the commission concerning the  
5 transportation of consumable hemp products.

6           SUBCHAPTER F. HEMP CONSUMER DELIVERY LICENSE

7           Sec. 310.501. HEMP CONSUMER DELIVERY LICENSE. (a) The  
8 holder of a hemp consumer delivery license may contract with or  
9 employ a driver for the delivery of a consumable hemp product from  
10 the premises of the holder of a hemp manufacturer's license or hemp  
11 retailer to an ultimate consumer located in an area where the sale  
12 of the product is legal.

13           (b) In determining whether the sale of consumable hemp  
14 products is legal in an area for purposes of Subsection (a), a  
15 person who sells or delivers a consumable hemp product under that  
16 subsection may consult a map or other publicly available  
17 information produced by the commission for the purpose of  
18 establishing where the sale of consumable hemp products is legal.

19           (c) The holder of a hemp consumer delivery license may make  
20 deliveries of consumable hemp products:

21                   (1) only in response to bona fide orders placed by the  
22 consumer under Subsection (a); and

23                   (2) only in areas where the sale of the product is  
24 legal in:

25                           (A) the county in which the premises of the  
26 license holder making the sale is located;

27                           (B) the city or town in which the premises of the

1 license holder making the sale is located, if the license holder is  
2 located in a city or town; or

3 (C) an area not farther than two miles beyond the  
4 municipal boundary of the city or town in which the premises of the  
5 license holder is located, if applicable.

6 (d) It is a defense to a prosecution alleging that an  
7 individual delivered a consumable hemp product under this chapter  
8 to an address located in an area that is dry for delivered  
9 consumable hemp products that:

10 (1) the individual or the holder of a hemp consumer  
11 delivery license relied on publicly available information produced  
12 by the commission relating to the wet or dry classification of the  
13 address; and

14 (2) the information indicated that the address to  
15 which the product was delivered was classified as wet for delivered  
16 consumable hemp products on the date of the delivery.

17 (e) A hemp consumer delivery license may be issued to a  
18 person who contracts with or employs individuals for the delivery  
19 of retail goods to consumers.

20 (f) A hemp consumer delivery license holder may not contract  
21 with or employ a person to make a delivery under this chapter unless  
22 the person:

23 (1) is 21 years of age or older; and

24 (2) holds a valid driver's license.

25 (g) A consumable hemp product may be delivered under this  
26 section only to a person who is 21 years of age or older. The person  
27 making the delivery must verify that the purchaser or recipient is

21 years of age or older in the manner provided under Section 310.307.

(h) A consumable hemp product may not be delivered under this chapter to any person other than:

(1) the person who purchased the product; or

(2) a recipient designated in advance by the purchaser.

(i) A consumable hemp product may be delivered under this chapter outside the hours of operation of the license holder from which the delivery is being made only if the delivery driver:

(1) receives the product from the license holder during the license holder's hours of legal sale; and

(2) completes the delivery to the consumer in a reasonable amount of time after leaving the license holder's premises.

(j) A holder of a hemp manufacturer's license's or hemp retailer's responsibilities under this code regarding delivery of a consumable hemp product to an ultimate consumer are considered satisfied at the time the manufacturer or retailer transfers possession of the product to the hemp consumer delivery license holder or a delivery driver employed by, contracted with, or acting on behalf of the holder of a hemp consumer delivery license.

(k) An action by a hemp consumer delivery license holder or by a delivery driver is not attributable to the holder of a hemp manufacturer's license or hemp retailer with regard to:

(1) providing, selling, or serving consumable hemp products to a minor or to an intoxicated individual;

1           (2) the delivery of consumable hemp products in a dry  
2 or otherwise illegal area, unless the manufacturer or retailer has  
3 contractually agreed to retain responsibility for ensuring that  
4 deliveries are not directed to a dry or otherwise illegal area; or

5           (3) any other provision of this code.

6           (1) A hemp manufacturer or retailer:

7           (1) is not required to verify that the hemp consumer  
8 delivery license holder or the delivery driver has received  
9 delivery driver training under Subsection (p)(1); and

10           (2) may not be held responsible for any reason under  
11 statutory or common law for the actions of a hemp consumer delivery  
12 license holder or a delivery driver acting on behalf of a hemp  
13 consumer delivery license holder.

14           (m) The actions of a delivery driver acting on behalf of a  
15 holder of a hemp consumer delivery license are not attributable to a  
16 holder of a hemp consumer delivery license if the license holder has  
17 not directly or indirectly encouraged the delivery driver to  
18 violate the law and the delivery driver:

19           (1) has a valid certification from the training  
20 program adopted under Subsection (p)(1); or

21           (2) completed the delivery using a hemp delivery  
22 compliance software application that meets the requirements  
23 established under Subsection (p)(2).

24           (n) Notwithstanding Subsection (m), if it is found, after  
25 notice and hearing, that the holder of a hemp consumer delivery  
26 license, an agent or employee of the license holder, or a person  
27 acting on behalf of the license holder delivered with criminal

negligence a consumable hemp product to a minor or an intoxicated person, the commission or administrator may:

(1) suspend the license for not more than 90 days for the first violation;

(2) suspend the license for not more than six months for the second violation; and

(3) suspend the license for not more than 12 months for a third violation within a period of 36 consecutive months.

(o) For purposes of Subsection (n), it is a rebuttable presumption that a sale or delivery of a consumable hemp product to a minor or an intoxicated person was not made with criminal negligence if the delivery driver:

(1) at the time of the delivery held a valid certification from the training program adopted under Subsection (p)(1); and

(2) completed the delivery as a result of a technical malfunction of a hemp delivery compliance software application that otherwise meets the requirements established under Subsection (p)(2).

(p) The commission by rule shall:

(1) adopt and administer a hemp delivery training program for the purpose of training and certifying delivery drivers contracting with or employed by the holder of a hemp manufacturer's, retailer's, or consumer delivery license; and

(2) establish minimum requirements for hemp delivery compliance software applications.

(q) The commission shall implement a system that allows the

holder of a hemp manufacturer's, retailer's, or consumer delivery license to verify in real time whether a delivery driver has a valid certification from the training program adopted under Subsection (p)(1).

SUBTITLE D. CONSUMABLE HEMP PRODUCTS AND HEMP FLOWER

CHAPTER 320. CONSUMABLE HEMP PRODUCT REQUIREMENTS

Sec. 320.001. DOMESTIC SOURCING. All ingredients for a consumable hemp product must originate from within the United States unless the commission specifically approves an ingredient originating from another location.

Sec. 320.002. INGREDIENTS OF CONSUMABLE HEMP PRODUCT. (a) Each ingredient in a consumable hemp product must be organic and may not include genetically modified organisms unless the commission specifically approves the ingredient.

(b) An ingredient in a consumable hemp product may not include an artificial dye or other artificial product unless the commission specifically approves the ingredient.

Sec. 320.003. CERTAIN CANNABINOIDS PROHIBITED. A consumable hemp product may not contain any amount of:

- (1) synthetic cannabinoids;
- (2) tetrahydrocannabiphorol;
- (3) tetrahydrocannabihexol; or
- (4) tetrahydrocannabutol.

Sec. 320.004. PROHIBITED FORMS OF CONSUMABLE HEMP PRODUCTS. (a) Except as provided by Subsection (b), a consumable hemp product may not resemble common snacks such as chips, candy, chewing gum, or other products attractive to minors.

1        (b) A consumable hemp product may be in the form of gummies,  
2 pills, or mints, provided that the form of the item and packaging  
3 are not attractive to minors and comply with Sections 322.001 and  
4 322.002.

5        (c) A consumable hemp product may not be in a form intended  
6 for inhaling by heating the product, including as a hemp-infused  
7 oil.

8        Sec. 320.005. TOTAL DELTA-9 TETRAHYDROCANNABINOL LIMIT FOR  
9 CONSUMABLE HEMP PRODUCTS. (a) A consumable hemp product that is an  
10 oil-based tincture may not contain more than, subject to allowable  
11 variance rates and the measure of uncertainty:

12                (1) 2.5 milligrams of delta-9 tetrahydrocannabinol in  
13 each one-milliliter serving; or

14                (2) 75 milligrams of delta-9 tetrahydrocannabinol in  
15 each container.

16        (b) A consumable hemp product other than an oil-based  
17 tincture may not contain more than, subject to allowable variance  
18 rates and the measure of uncertainty:

19                (1) five milligrams of delta-9 tetrahydrocannabinol  
20 in each serving; or

21                (2) one gram of delta-9 tetrahydrocannabinol in each  
22 container.

23        Sec. 320.006. CONSUMABLE HEMP PRODUCT REGISTRATION. (a) A  
24 consumable hemp product, other than natural hemp flower, may not be  
25 offered for sale in this state unless the manufacturer of the  
26 product, before selling the product:

27                (1) submits an application for the consumable hemp

1 product to be registered with the commission that includes front  
2 and back pictures of the product; and

3 (2) receives approval from the commission that the  
4 product is compliant with this chapter, registered, and approved  
5 for sale in this state.

6 (b) The commission shall issue a unique product  
7 registration number to each consumable hemp product approved by and  
8 registered with the commission.

9 (c) A manufacturer applying to register a consumable hemp  
10 product under this section shall pay an application fee to the  
11 commission in the amount of \$100 for each consumable hemp product  
12 the manufacturer seeks to register.

13 (d) The commission may not approve for sale or register a  
14 consumable hemp product that:

15 (1) contains any cannabinoids prohibited under  
16 Section 320.003; or

17 (2) contains or is mixed with alcohol, tobacco,  
18 nicotine, kratom, kava, psychoactive mushrooms, or a derivative of  
19 any of those items.

20 (e) The commission may adopt rules for the submission of and  
21 requirements for an application for registration under this  
22 section.

23 Sec. 320.007. REGISTERED PRODUCT WEBSITE. The commission  
24 shall maintain an updated product registration list on the  
25 commission's public Internet website, which must include front and  
26 back identifying pictures of each registered consumable hemp  
27 product for the purpose of confirming registration of the product

1 and allowing verification of the product by law enforcement.

2 CHAPTER 321. NATURAL HEMP FLOWER REQUIREMENTS

3 Sec. 321.001. TEXAS ORIGIN. Natural hemp flower  
4 distributed and sold in this state must be grown in this state.

5 Sec. 321.002. ADDITIVES PROHIBITED. A grower,  
6 manufacturer, distributor, or retailer of hemp may not add any  
7 ingredient to natural hemp flower.

8 Sec. 321.003. PACKAGING. A natural hemp flower must be  
9 sealed in a child resistant container that is labeled with:

10 (1) the hemp retailer's license number and hemp  
11 testing laboratory's license number; and

12 (2) a QR code that links to the certificate of analysis  
13 showing that the total tetrahydrocannabinol concentration is not  
14 more than 0.3 percent by dry weight.

15 CHAPTER 322. PACKAGING, LABELING, AND ADVERTISING OF CONSUMABLE  
16 HEMP PRODUCTS

17 Sec. 322.001. LABELING REQUIREMENTS. (a) Before a  
18 consumable hemp product that contains or is marketed as containing  
19 more than trace amounts of cannabinoids may be distributed or sold,  
20 the product must be labeled in the manner provided by this section  
21 with the following information:

22 (1) the common name of the product, stated clearly,  
23 prominently, and truthfully;

24 (2) the product ingredients;

25 (3) any relevant major food allergens identified in  
26 the Federal Food, Drug, and Cosmetic Act (21 U.S.C. Section 301 et  
27 seq.);

- 1           (4) the batch identification number;
- 2           (5) the batch date;
- 3           (6) the product name;
- 4           (7) a uniform resource locator that provides or links  
5 to a certificate of analysis for the product;
- 6           (8) the name and commission license number of the  
7 product's manufacturer;
- 8           (9) a certification that the tetrahydrocannabinol  
9 content of the product complies with state law;
- 10           (10) the identity and concentration of each  
11 hemp-derived cannabinoid in the product; and
- 12           (11) if the product contains tetrahydrocannabinols, a  
13 tetrahydrocannabinol warning icon adopted by the commission.

14           (b) Each consumable hemp product, including the container  
15 and package, if applicable, must be labeled with:

- 16           (1) a QR code that links to the commission's product  
17 registration list under Section 320.007; and
- 18           (2) the following message placed adjacent to the  
19 required QR code on the label: "SCAN QR CODE BEFORE PURCHASE".

20           (c) The labeling required under this section must appear on  
21 each unit of the product intended for individual retail sale. If  
22 that unit includes inner and outer packaging, the labeling may  
23 appear on any of that packaging.

24           (d) Packaging for a consumable hemp product that contains  
25 tetrahydrocannabinols must be tamper evident and child resistant.

26           Sec. 322.002. PACKAGING PROHIBITIONS. (a) A person may not  
27 market, advertise, sell, or cause to be sold a consumable hemp

product that:

(1) is in the shape of a human, animal, fruit, or cartoon or in another shape that is attractive to minors; or

(2) is in packaging or a container that:

(A) is in the shape of a human, animal, fruit, or cartoon or in another shape that is attractive to minors;

(B) depicts an image of a human, animal, fruit, or cartoon or another image that is attractive to minors;

(C) imitates or mimics trademarks or trade dress of products that are or have been primarily marketed to minors;

(D) includes a symbol that is primarily used to market products to minors;

(E) includes an unauthorized image of a celebrity; or

(F) includes an image that resembles a food product, including candy or juice.

(b) For purposes of this section, a cartoon includes a depiction of an object, person, animal, creature, or any similar caricature that:

(1) uses comically exaggerated features and attributes;

(2) assigns human characteristics to animals, plants, or other objects; or

(3) has unnatural or extra-human abilities, including imperviousness to pain or injury, x-ray vision, tunneling at very high speeds, and transformation.

Sec. 322.003. ADVERTISING RESTRICTIONS. (a) A person may

1 not advertise or promote a consumable hemp product in a manner that  
2 is targeted or attractive to minors or that could cause a reasonable  
3 person or minor to confuse the product for medicine, candy, snacks,  
4 or other food products that are widely distributed and familiar to  
5 the public.

6 (b) A person may not advertise or use signage that asserts  
7 consumable hemp products are safe because the products are:

8 (1) regulated by the state or the commission; or

9 (2) tested by the state, commission, another  
10 governmental entity, or a testing facility.

11 (c) A person may not advertise a consumable hemp product  
12 using amplified sound from, or signs, pictures, or video on, a  
13 vehicle on a public street or highway.

14 Sec. 322.004. LICENSE HOLDER ADVERTISING RESTRICTIONS. A  
15 person licensed under this title may not:

16 (1) engage in advertising that is deceptive, false, or  
17 misleading;

18 (2) make any deceptive, false, or misleading  
19 assertions or statements on a product, sign, or document provided  
20 to a consumer;

21 (3) engage in marketing directed toward  
22 location-based devices, including cellular phones;

23 (4) use unsolicited pop-up advertisements on an  
24 Internet website;

25 (5) display more than three signs visible to the  
26 general public from the public right-of-way that identify the  
27 license holder's business name; or

1           (6) display a sign that exceeds 4,800 square inches in  
2 the window or attached to the outside of the licensed premises.

3           Sec. 322.005. PROHIBITED SPONSORSHIP OR ADVERTISEMENT AT  
4 CERTAIN EVENTS. A person licensed under this title may not sponsor,  
5 and any person may not advertise a consumable hemp product at, a  
6 charitable, sports, or similar event.

7           Sec. 322.006. LOCATION OF ADVERTISEMENTS. (a) In this  
8 section:

9           (1) "Homeless shelter" has the meaning assigned by  
10 Section 109.36.

11           (2) "Playground" and "school" have the meanings  
12 assigned by Section 481.134, Health and Safety Code.

13           (b) A person may not advertise a consumable hemp product or  
14 a consumable hemp product business on an outdoor sign that is within  
15 300 feet of a school, church, playground, day-care center,  
16 child-care center, homeless shelter, or substance abuse treatment  
17 center.

18           (c) Subsection (b) does not apply to a person licensed under  
19 this title engaged in business unrelated to consumable hemp  
20 products if the advertisement does not promote a consumable hemp  
21 product or the person's involvement with a consumable hemp product.

22           Sec. 322.007. ADVERTISING; RULES. The commission shall  
23 adopt rules regarding the advertisement and promotion of consumable  
24 hemp products by persons licensed under this title, including rules  
25 that restrict the advertisement or promotion of a consumable hemp  
26 product to minors to the full extent permitted by the United States  
27 Constitution and Texas Constitution.

SUBTITLE E. ENFORCEMENT

CHAPTER 340. PROHIBITIONS AND OFFENSES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 340.001. PROHIBITIONS. (a) A person may not sell, offer for sale, possess, distribute, or transport a consumable hemp product or hemp beverage in this state that:

(1) contains any material extracted or derived from the plant cannabis sativa L., other than from hemp produced in compliance with 7 U.S.C. Subchapter VII, Chapter 38;

(2) is not labeled with the license number of the manufacturer and a QR code as required under Sections 321.003 and 322.001, as applicable; or

(3) has not been tested by a hemp testing laboratory in compliance with Chapter 305.

(b) The commission and the Department of Public Safety shall establish a process for the random testing of consumable hemp products and hemp beverages at various retail and other establishments that sell, offer for sale, distribute, or use the products or beverages to ensure that the products or beverages:

(1) do not contain harmful ingredients;

(2) are produced in compliance with 7 U.S.C. Subchapter VII, Chapter 38; and

(3) have a tetrahydrocannabinol content in compliance with the applicable limit established by Section 1.04(35), 59.10, or 320.005.

Sec. 340.002. DECEPTIVE TRADE PRACTICE. A person who sells, offers for sale, or distributes a consumable hemp product or

1 hemp beverage commits a false, misleading, or deceptive act or  
2 practice actionable under Subchapter E, Chapter 17, Business &  
3 Commerce Code:

4 (1) if the person falsely claims the product or  
5 beverage has been processed or manufactured in compliance with this  
6 title; or

7 (2) if the product or beverage:

8 (A) contains harmful ingredients;

9 (B) is not produced in compliance with 7 U.S.C.  
10 Subchapter VII, Chapter 38; or

11 (C) has a tetrahydrocannabinol content that  
12 exceeds the applicable limit established by Section 1.04(35),  
13 59.10, or 320.005.

14 Sec. 340.003. PROHIBITED SEARCH OR SEIZURE FOR NATURAL HEMP  
15 FLOWER. A peace officer may not stop, search, or seize a person or  
16 base probable cause solely on the basis of the odor of natural hemp  
17 flower, the presence of packaging for natural hemp flower, or the  
18 visible possession of natural hemp flower by the person unless the  
19 peace officer has probable cause to believe that the person engaged  
20 in conduct constituting an offense under Section 340.105.

21 SUBCHAPTER B. CRIMINAL OFFENSES

22 Sec. 340.101. OFFENSE: MANUFACTURE, DELIVERY, OR  
23 POSSESSION WITH INTENT TO DELIVER CERTAIN CONSUMABLE HEMP PRODUCTS  
24 OR HEMP BEVERAGES. (a) A person commits an offense if the person  
25 knowingly manufactures, delivers, or possesses with intent to  
26 deliver a consumable hemp product or hemp beverage that contains:

27 (1) cannabinoids prohibited under Section 320.003; or

1           (2) an amount of tetrahydrocannabinol that exceeds the  
2 applicable limit established by Section 1.04(35), 59.10, or  
3 320.005.

4           (b) An offense under this section is a state jail felony.

5           (c) If conduct constituting an offense under this section  
6 also constitutes an offense under another law, the actor may be  
7 prosecuted under this section, the other law, or both.

8           Sec. 340.102. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE  
9 HEMP PRODUCTS OR HEMP BEVERAGES. (a) A person commits an offense  
10 if the person intentionally or knowingly possesses a consumable  
11 hemp product or hemp beverage that contains:

12                   (1) cannabinoids prohibited under Section 320.003; or

13                   (2) an amount of tetrahydrocannabinol that exceeds the  
14 applicable limit established by Section 1.04(35), 59.10, or  
15 320.005.

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

17           (c) If conduct constituting an offense under this section  
18 also constitutes an offense under another law, the actor may be  
19 prosecuted under this section, the other law, or both.

20           Sec. 340.103. OFFENSE: SALE OR DELIVERY OF CONSUMABLE HEMP  
21 PRODUCTS OR HEMP BEVERAGES NEAR SCHOOL. (a) In this section,  
22 "premises," notwithstanding any other provision of this code, and  
23 "school" have the meanings assigned by Section 481.134, Health and  
24 Safety Code.

25           (b) A person commits an offense if the person sells, offers  
26 for sale, or delivers a consumable hemp product or hemp beverage in,  
27 on, or within 300 feet of the premises of a school.

1        (c) An offense under this section is a Class B misdemeanor.

2        Sec. 340.104. OFFENSE: FALSE LABORATORY REPORT. (a) A  
3 person commits an offense if the person, with the intent to deceive,  
4 forges, falsifies, or alters the results of a laboratory test  
5 authorized or required by this title.

6        (b) An offense under this section is a felony of the third  
7 degree.

8        Sec. 340.105. OFFENSE: PURCHASE AND POSSESSION LIMITS OF  
9 NATURAL HEMP FLOWER. (a) A person who does not hold a license under  
10 this title commits an offense if the person:

11            (1) purchases more than two ounces of natural hemp  
12 flower in one day; or

13            (2) knowingly possesses more than two ounces of  
14 natural hemp flower.

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

16        Sec. 340.106. OFFENSE: POSSESSION OF CONSUMABLE HEMP  
17 PRODUCT OR HEMP BEVERAGE OPEN CONTAINER IN MOTOR VEHICLE. (a) In  
18 this section:

19            (1) "Open container" means a package, container, or  
20 other receptacle of a hemp beverage or a consumable hemp product,  
21 not including natural hemp flower, that is open, that has been  
22 opened, that has a broken seal, or the contents of which are  
23 partially removed.

24            (2) "Passenger area of a motor vehicle" means the area  
25 of a motor vehicle designed for the seating of the operator and  
26 passengers of the vehicle. The term does not include:

27            (A) a glove compartment or similar storage

1 container that is locked;

2 (B) the trunk of a vehicle; or

3 (C) the area behind the last upright seat of the  
4 vehicle, if the vehicle does not have a trunk.

5 (3) "Public highway" means the entire width between  
6 and immediately adjacent to the boundary lines of any public road,  
7 street, highway, interstate, or other publicly maintained way if  
8 any part is open for public use for the purpose of motor vehicle  
9 travel. The term includes the right-of-way of a public highway.

10 (b) A person commits an offense if the person knowingly  
11 possesses an open container in a passenger area of a motor vehicle  
12 that is located on a public highway, regardless of whether the  
13 vehicle is being operated or is stopped or parked. Possession by a  
14 person of one or more open containers in a single criminal episode  
15 is a single offense.

16 (c) It is an exception to the application of Subsection (b)  
17 that at the time of the offense the defendant was a passenger in:

18 (1) the passenger area of a motor vehicle designed,  
19 maintained, or used primarily for the transportation of persons for  
20 compensation, including a bus, taxicab, or limousine; or

21 (2) the living quarters of a motorized house coach or  
22 motorized house trailer, including a self-contained camper, a motor  
23 home, or a recreational vehicle.

24 (d) An offense under this section is a Class C misdemeanor.

25 (e) A peace officer charging a person with an offense under  
26 this section, instead of taking the person before a magistrate,  
27 shall issue to the person a written citation and notice to appear

1 that contains the time and place the person must appear before a  
2 magistrate, the name and address of the person charged, and the  
3 offense charged. If the person makes a written promise to appear  
4 before the magistrate by signing in duplicate the citation and  
5 notice to appear issued by the officer, the officer shall release  
6 the person.

7 SUBTITLE F. TAXATION

8 CHAPTER 350. HEMP TAX AND LICENSING FEE ALLOCATION

9 Sec. 350.001. HEMP REGULATION ACCOUNT. (a) The hemp  
10 regulation account is an account in the general revenue fund  
11 administered by the commission.

12 (b) The account consists of:

13 (1) money deposited to the credit of the account under  
14 Section 164.151, Tax Code;

15 (2) licensing fees deposited to the credit of the  
16 account under Sections 59.04(b) and 310.018(c); and

17 (3) fees and civil penalties deposited to the credit  
18 of the account under Section 310.027(g).

19 (c) Money in the account may be appropriated only as  
20 follows:

21 (1) 35 percent of the revenue to the commission for the  
22 administration and enforcement of this code with respect to  
23 consumable hemp products and hemp beverages;

24 (2) 20 percent of the revenue to the commission for  
25 distribution to other persons in this state as necessary to support  
26 the provision of child-care services, water infrastructure,  
27 electrical grid infrastructure, the foundation school program

1 established under Chapter 48, Education Code, and veteran  
2 assistance services;

3 (3) 15 percent of the revenue to accredited crime  
4 laboratories;

5 (4) 15 percent of the revenue to support opioid and  
6 narcotic response services by local law enforcement agencies;

7 (5) 10 percent of the revenue to support research and  
8 services for mental health issues, substance use disorders, and  
9 addiction related to the use of products containing  
10 tetrahydrocannabinol; and

11 (6) five percent of the revenue to the Department of  
12 Public Safety for the marketing and increased awareness of the  
13 program established under Chapter 487, Health and Safety Code.

14 SECTION 84. The heading to Chapter 501, Election Code, is  
15 amended to read as follows:

16 CHAPTER 501. LOCAL OPTION ELECTIONS ON SALE OF CONSUMABLE HEMP  
17 PRODUCTS, HEMP BEVERAGES, OR ALCOHOLIC BEVERAGES

18 SECTION 85. Sections 501.001(1) and (3), Election Code, are  
19 amended to read as follows:

20 (1) "Alcoholic beverage," "commission," "consumable  
21 hemp product," "hemp beverage," "liquor," "malt beverage," "mixed  
22 beverage," and "wine and vinous liquor" have the meanings assigned  
23 by Section 1.04, Alcoholic Beverage Code.

24 (3) "Premises" has the meaning assigned by Section  
25 11.49 or 301.001, Alcoholic Beverage Code, as applicable.

26 SECTION 86. Section 501.021, Election Code, is amended to  
27 read as follows:

1           Sec. 501.021. ELECTION TO BE HELD BY PETITION. On proper  
2 petition by the required number of voters of a county, justice  
3 precinct, or municipality in the county, the commissioners court  
4 shall order a local option election in the political subdivision to  
5 determine whether the sale of consumable hemp products, hemp  
6 beverages, or alcoholic beverages of one or more of the various  
7 types and alcoholic contents shall be prohibited or legalized in  
8 the political subdivision.

9           SECTION 87. Section 501.023(a), Election Code, is amended  
10 to read as follows:

11           (a) If 10 or more qualified voters of any county, justice  
12 precinct, or municipality file a written application and provide  
13 proof of publication of notice in a newspaper of general  
14 circulation in that political subdivision, the county clerk of the  
15 county shall issue to the applicants a petition to be circulated  
16 among the qualified voters of the political subdivision for the  
17 signatures of those qualified voters who desire that a local option  
18 election be called for the purpose of determining whether the sale  
19 of consumable hemp products, hemp beverages, or alcoholic beverages  
20 of one or more of the various types and alcoholic contents shall be  
21 prohibited or legalized in the political subdivision. The notice  
22 must include:

23                   (1) the individual or entity that is applying for the  
24 petition to gather signatures for a local option [~~liquor~~] election;

25                   (2) the type of local option [~~liquor~~] election;

26                   (3) the name of the political subdivision in which the  
27 petition will be circulated; and

(4) the name and title of the person with whom the application will be filed.

SECTION 88. Sections 501.024(a) and (b), Election Code, are amended to read as follows:

(a) An application for a petition seeking an election to prohibit the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed: "Application for Local Option Election Petition to Prohibit."

(b) The application must contain a statement just ahead of the signatures of the applicants, as follows: "It is the hope, purpose and intent of the applicants whose signatures appear hereon to see prohibited the sale of consumable hemp products, hemp beverages, or alcoholic beverages, as applicable, referred to in the issue set out above."

SECTION 89. Sections 501.025(a) and (b), Election Code, are amended to read as follows:

(a) An application for a petition seeking an election to legalize the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed: "Application for Local Option Election Petition to Legalize."

(b) The application must contain a statement just ahead of the signatures of the applicants, as follows: "It is the hope, purpose and intent of the applicants whose signatures appear hereon to see legalized the sale of consumable hemp products, hemp beverages, or alcoholic beverages, as applicable, referred to in

the issue set out above."

SECTION 90. Sections 501.027(a) and (b), Election Code, are amended to read as follows:

(a) Each page of the petition for a local option election seeking to prohibit the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed "Petition for Local Option Election to Prohibit."

(b) The petition must contain a statement just ahead of the signatures of the petitioners, as follows: "It is the hope, purpose and intent of the petitioners whose signatures appear hereon to see prohibited the sale of consumable hemp products, hemp beverages, or alcoholic beverages, as applicable, referred to in the issue set out above."

SECTION 91. Sections 501.028(a) and (b), Election Code, are amended to read as follows:

(a) Each page of the petition for a local option election seeking to legalize the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed "Petition for Local Option Election to Legalize."

(b) The petition must contain a statement just ahead of the signatures of the petitioners, as follows: "It is the hope, purpose and intent of the petitioners whose signatures appear hereon to see legalized the sale of consumable hemp products, hemp beverages, or alcoholic beverages, as applicable, referred to in the issue set out above."

SECTION 92. Section 501.034(a), Election Code, is amended to read as follows:

(a) The election order must state in its heading and text whether the local option election to be held is for the purpose of prohibiting or legalizing the sale of consumable hemp products, hemp beverages, or the alcoholic beverages set out in the issue recited in the application and petition.

SECTION 93. Sections 501.035(b) and (c), Election Code, are amended to read as follows:

(b) In an area where consumable hemp products, hemp beverages, or any type or classification of alcoholic beverages is prohibited and the issue submitted pertains to legalization of the sale of one or more of the prohibited types or classifications, the ballot shall be prepared to permit voting for or against the one of the following issues that applies:

(1) "The legal sale of malt beverages for off-premise consumption only."

(2) "The legal sale of malt beverages."

(3) "The legal sale of malt beverages and wine for off-premise consumption only."

(4) "The legal sale of malt beverages and wine."

(5) "The legal sale of all alcoholic beverages for off-premise consumption only."

(6) "The legal sale of all alcoholic beverages except mixed beverages."

(7) "The legal sale of all alcoholic beverages including mixed beverages."

(8) "The legal sale of mixed beverages."

(9) "The legal sale of mixed beverages in restaurants by food and beverage certificate holders only."

(10) "The legal sale of wine on the premises of a holder of a winery permit."

(11) "The legal sale of consumable hemp products."

(12) "The legal sale of hemp beverages."

(c) In an area where the sale of consumable hemp products, hemp beverages, or any type or classification of alcoholic beverages has been legalized, the ballot for a prohibitory election shall be prepared to permit voting for or against the one of the following issues that applies:

(1) "The legal sale of malt beverages for off-premise consumption only."

(2) "The legal sale of malt beverages."

(3) "The legal sale of malt beverages and wine for off-premise consumption only."

(4) "The legal sale of malt beverages and wine."

(5) "The legal sale of all alcoholic beverages for off-premise consumption only."

(6) "The legal sale of all alcoholic beverages except mixed beverages."

(7) "The legal sale of all alcoholic beverages including mixed beverages."

(8) "The legal sale of mixed beverages."

(9) "The legal sale of mixed beverages in restaurants by food and beverage certificate holders only."

(10) "The legal sale of wine on the premises of a holder of a winery permit."

(11) "The legal sale of consumable hemp products."

(12) "The legal sale of hemp beverages."

SECTION 94. Section 501.107, Election Code, is amended to read as follows:

Sec. 501.107. COUNTY PAYMENT OF ELECTION EXPENSES. The county shall pay the expense of holding a local option election authorized by this chapter in the county, justice precinct, or municipality in that county except that:

(1) if an election is to be held only within the corporate limits of a municipality located wholly within the county, the county may require the municipality to reimburse the county for all or part of the expenses of holding the local option election;

(2) county payment of the expense of an election to legalize the sale of consumable hemp products, hemp beverages, or alcoholic beverages is limited to the holding of one election in a political subdivision during a one-year period; and

(3) county payment of the expense of an election to prohibit the sale of consumable hemp products, hemp beverages, or alcoholic beverages is limited to the holding of one election in a political subdivision during a one-year period.

SECTION 95. Section 501.109(a), Election Code, is amended to read as follows:

(a) This section applies only to an election to permit or prohibit the legal sale of consumable hemp products, hemp

1 beverages, or alcoholic beverages of one or more of the various  
2 types and alcoholic contents in a municipality.

3 SECTION 96. Sections 501.151(b) and (c), Election Code, are  
4 amended to read as follows:

5 (b) In a prohibitory election, if a majority of the votes  
6 cast do not favor the issue "The legal sale. . .," the court's order  
7 must state that the sale of consumable hemp products, hemp  
8 beverages, or the type or types of alcoholic beverages stated in the  
9 issue at the election is prohibited effective on the 30th day after  
10 the date the order is entered. The prohibition remains in effect  
11 until changed by a subsequent local option election held under this  
12 chapter.

13 (c) In a legalization election, if a majority of the votes  
14 cast favor the issue "The legal sale . . .," the legal sale of  
15 consumable hemp products, hemp beverages, or the type or types of  
16 alcoholic beverages stated in the issue at the election is legal on  
17 the entering of the court's order. The legalization remains in  
18 effect until changed by a subsequent local option election held  
19 under this code.

20 SECTION 97. Section 501.154(a), Election Code, is amended  
21 to read as follows:

22 (a) A commissioners court order declaring the result of a  
23 local option election and prohibiting the sale of any or all types  
24 of consumable hemp products, hemp beverages, or alcoholic beverages  
25 must be published by posting the order at three public places in the  
26 county or other political subdivision in which the election was  
27 held.

SECTION 98. Section 411.110(a), Government Code, is amended to read as follows:

(a) The Department of State Health Services and the Health and Human Services Commission are entitled to obtain criminal history record information as provided by Subsection (a-1) that relates to a person who is:

(1) an applicant for a license or certificate under Chapter 773, Health and Safety Code, an owner or manager of an applicant for an emergency medical services provider license under that chapter, or the holder of a license or certificate under that chapter;

(2) an applicant for a license or a license holder under Subchapter I, L, or N, Chapter 431, Health and Safety Code;

(3) an applicant for employment at or current employee of:

(A) a public health hospital as defined by Section 13.033, Health and Safety Code; or

(B) the South Texas Health Care System;

(4) an applicant for employment at, current employee of, or person who contracts or may contract to provide goods or services with the Council on Sex Offender Treatment or other division or component of the Health and Human Services Commission that monitors sexually violent predators as described by Section 841.003(a), Health and Safety Code; or

(5) authorized to access vital records or the vital records electronic registration system under Chapter 191, Health and Safety Code, including an employee of or contractor for the

1 Department of State Health Services, a local registrar, a medical  
2 professional, or a funeral director[, or

3 ~~[(6) an applicant for a license or a license holder~~  
4 ~~under Subchapter C, Chapter 443, Health and Safety Code]~~.

5 SECTION 99. Effective January 1, 2027, Section 431.011,  
6 Health and Safety Code, is amended to read as follows:

7 Sec. 431.011. APPLICABILITY OF CHAPTER TO CONSUMABLE HEMP  
8 PRODUCTS AND MANUFACTURERS. (a) This chapter applies to a  
9 consumable hemp product subject to Title 7, Alcoholic Beverage Code  
10 ~~[Chapter 443]~~. An article regulated under this chapter may not be  
11 deemed to be adulterated solely on the basis that the article is a  
12 consumable hemp product.

13 (b) Except as provided by Subsection (c), this chapter  
14 applies to the conduct of a person who holds a license under Title  
15 7, Alcoholic Beverage Code ~~[Chapter 443]~~.

16 (c) A person who holds a license under Title 7, Alcoholic  
17 Beverage Code, ~~[Chapter 443]~~ related to the processing of hemp or  
18 the manufacturing of a consumable hemp product regulated under that  
19 title ~~[chapter]~~ and is engaging in conduct within the scope of that  
20 license is not required to hold a license as a food manufacturer or  
21 food wholesaler under Subchapter J.

22 SECTION 100. Effective January 1, 2027, Section  
23 431.2211(a-3), Health and Safety Code, is amended to read as  
24 follows:

25 (a-3) A person is not required to hold a license under this  
26 subchapter if the person holds a license under Title 7, Alcoholic  
27 Beverage Code, ~~[Chapter 443]~~ and is engaging in conduct within the

scope of that license.

SECTION 101. Section 60.002, Occupations Code, is amended to read as follows:

Sec. 60.002. REQUIREMENTS FOR DIGITAL LICENSES. A licensing authority that issues an occupational license may issue a digital license to a license holder. If the licensing authority issues a digital license, the digital license must comply with the following requirements:

(1) the digital license must be in a secure format and readily accessible by the license holder through an Internet website and on a wireless communication device;

(2) the public must be able to view a license holder's digital license through an Internet website or by using a QR code as defined by Section 301.001, Alcoholic Beverage ~~[443.001, Health and Safety]~~ Code; and

(3) if the authority contracts with a vendor for the issuance of a digital license, the digital license must be in a format in which the vendor and authority can verify the validity of the license.

SECTION 102. Subtitle E, Title 2, Tax Code, is amended by adding Chapter 164 to read as follows:

CHAPTER 164. HEMP PRODUCT SALES AND USE TAXES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 164.001. DEFINITIONS. In this chapter, "consumable hemp product" and "hemp beverage" have the meanings assigned by Section 1.04, Alcoholic Beverage Code.

Sec. 164.002. ADMINISTRATION BY COMPTROLLER. The

comptroller shall administer and enforce this chapter.

Sec. 164.003. RULES AND FORMS. The comptroller shall adopt rules and forms necessary to administer and enforce the taxes imposed under this chapter.

SUBCHAPTER B. HEMP PRODUCT SALES TAX

Sec. 164.051. ADDITIONAL SALES TAX IMPOSED. (a) Except as provided by Subsection (c), a tax is imposed on each sale in this state of a consumable hemp product or a hemp beverage.

(b) The rate of the tax is 6.25 percent of the sales price of the item sold.

(c) A tax under this section may not be imposed on the sale in this state of:

(1) hemp seed, hemp seed protein powder, or hemp seed oil; or

(2) a consumable hemp product or a hemp beverage that does not contain any amount of hemp or hemp-derived cannabinoids other than cannabidiol or cannabigerol.

Sec. 164.052. APPLICATION OF OTHER LAW. (a) The tax imposed under this subchapter is in addition to all taxes imposed under other law, including Chapter 151.

(b) Except as otherwise provided by this subchapter:

(1) the tax imposed under this subchapter is administered, imposed, collected, and enforced in the same manner as the taxes under Chapter 151 are administered, imposed, collected, and enforced; and

(2) the provisions of Chapter 151 applicable to the sales tax imposed under Subchapter C, Chapter 151, apply to the tax

imposed under this subchapter.

(c) A change in the law relating to the taxation of the sale of a consumable hemp product or hemp beverage under Chapter 151 also applies to the tax imposed under this subchapter.

SUBCHAPTER C. HEMP PRODUCT USE TAX

Sec. 164.101. ADDITIONAL USE TAX IMPOSED. (a) Except as provided by Subsection (c), a tax is imposed on the storage, use, or other consumption in this state of a consumable hemp product or a hemp beverage purchased from a retailer for storage, use, or other consumption in this state.

(b) The rate of the tax is 6.25 percent of the purchase price of the item stored, used, or consumed in this state.

(c) A tax under this section may not be imposed on the storage, use, or other consumption in this state of:

(1) hemp seed, hemp seed protein powder, or hemp seed oil; or

(2) a consumable hemp product or a hemp beverage that does not contain any amount of hemp or hemp-derived cannabinoids other than cannabidiol or cannabigerol.

Sec. 164.102. APPLICATION OF OTHER LAW. (a) The tax imposed under this subchapter is in addition to all taxes imposed under other law, including Chapter 151.

(b) Except as otherwise provided by this subchapter:

(1) the tax imposed under this subchapter is administered, imposed, collected, and enforced in the same manner as the taxes under Chapter 151 are administered, imposed, collected, and enforced; and

1           (2) the provisions of Chapter 151 applicable to the  
2 use tax imposed under Subchapter D, Chapter 151, apply to the tax  
3 imposed under this subchapter.

4           (c) A change in the law relating to the taxation of the  
5 storage, use, or other consumption in this state of a consumable  
6 hemp product or hemp beverage under Chapter 151 also applies to the  
7 tax imposed under this subchapter.

8                   SUBCHAPTER D. DISPOSITION OF REVENUE

9           Sec. 164.151. REVENUE DEPOSITED IN HEMP REGULATION ACCOUNT.  
10 The revenue from the taxes imposed under this chapter shall be  
11 deposited to the credit of the hemp regulation account under  
12 Section 350.001, Alcoholic Beverage Code.

13           SECTION 103. Subchapter A, Chapter 183, Tax Code, is  
14 amended by adding Section 183.002 to read as follows:

15           Sec. 183.002. CERTAIN HEMP BEVERAGES. For purposes of this  
16 chapter and Section 151.308, a mixed beverage includes a hemp  
17 beverage as defined by Section 1.04, Alcoholic Beverage Code.

18           SECTION 104. Section 543.004(a), Transportation Code, is  
19 amended to read as follows:

20           (a) An officer shall issue a written notice to appear if:

21                   (1) the offense charged is:

22                           (A) speeding;

23                           (B) the use of a wireless communication device  
24 under Section 545.4251; or

25                           (C) a violation of an ~~[the]~~ open container law  
26 under~~[7]~~ Section 49.031, Penal Code, or Section 340.106, Alcoholic  
27 Beverage Code; and

1           (2) the person makes a written promise to appear in  
2 court as provided by Section 543.005.

3           SECTION 105. Section 545.420(e), Transportation Code, is  
4 amended to read as follows:

5           (e) An offense under Subsection (a) is a Class A misdemeanor  
6 if it is shown on the trial of the offense that:

7           (1) the person has previously been convicted one time  
8 of an offense under that subsection; or

9           (2) the person, at the time of the offense:

10           (A) was operating the vehicle while intoxicated,  
11 as defined by Section 49.01, Penal Code; or

12           (B) was in possession of an open container, as  
13 defined by Section 49.031, Penal Code, or Section 340.106,  
14 Alcoholic Beverage Code.

15           SECTION 106. Chapter 443, Health and Safety Code, is  
16 repealed effective January 1, 2027.

17           SECTION 107. As soon as practicable after the effective  
18 date of this Act, the Texas Alcoholic Beverage Commission and the  
19 Department of State Health Services shall adopt rules as required  
20 by this Act. Section 2001.0045, Government Code, does not apply to  
21 a rule adopted under this Act.

22           SECTION 108. (a) On January 1, 2027, the following are  
23 transferred from the Department of State Health Services to the  
24 Texas Alcoholic Beverage Commission:

25           (1) the powers, duties, and functions of the  
26 Department of State Health Services under Title 7, Alcoholic  
27 Beverage Code, as added by this Act; and

1           (2) all property and records in the custody of the  
2 Department of State Health Services that are related to a power,  
3 duty, or function transferred under this Act and all funds  
4 appropriated by the legislature for that power, duty, or function.

5           (b) A rule, form, policy, procedure, or decision of the  
6 Department of State Health Services related to a power, duty, or  
7 function transferred under this Act continues in effect as a rule,  
8 form, policy, procedure, or decision of the Texas Alcoholic  
9 Beverage Commission and remains in effect until amended or replaced  
10 by that agency. Notwithstanding any other law, beginning on the  
11 91st day after the last day of the legislative session, the Texas  
12 Alcoholic Beverage Commission may propose rules, forms, policies,  
13 and procedures related to a function to be transferred to the  
14 commission under this Act.

15           SECTION 109. Effective on the 91st day after the last day of  
16 the legislative session, a person holding a license, permit, or  
17 registration issued under Chapter 443, Health and Safety Code, may  
18 continue to operate under that license, permit, or registration  
19 until that license, permit, or registration expires. The Department  
20 of State Health Services may not renew a license, permit, or  
21 registration unless it complies with this Act.

22           SECTION 110. Not later than January 1, 2026, the  
23 administrator shall appoint the members of the hemp advisory  
24 committee as required by Section 5.22, Alcoholic Beverage Code, as  
25 added by this Act.

26           SECTION 111. Notwithstanding Section 5.22(c), Alcoholic  
27 Beverage Code, the hemp advisory committee shall submit the first

1 report required by that subsection not later than December 1, 2028.

2       SECTION 112. A person required to obtain a license under  
3 Subchapter B, C, D, E, or F, Chapter 310, Alcoholic Beverage Code,  
4 as added by this Act, is not required to obtain a license or  
5 otherwise comply with the requirements of this Act until January 1,  
6 2027.

7       SECTION 113. Not later than October 1, 2026, the  
8 comptroller of public accounts shall notify sales tax permit  
9 holders of the requirements of Chapter 164, Tax Code, as added by  
10 this Act.

11       SECTION 114. (a) Except as otherwise provided by this  
12 section, this Act takes effect January 1, 2027.

13       (b) Sections 4, 8, 12, 46, 53 through 68, and 76 of this Act  
14 take effect on the 91st day after the last day of the legislative  
15 session.

16       (c) The following provisions, as added by this Act, take  
17 effect on the 91st day after the last day of the legislative  
18 session:

19               (1) Sections 301.001 and 301.002, Alcoholic Beverage  
20 Code;

21               (2) Chapters 305, 310, 321, and 340, Alcoholic  
22 Beverage Code; and

23               (3) Sections 320.001, 320.002, 320.003, 320.004, and  
24 320.005, Alcoholic Beverage Code.