

By: Cain

H.B. No. 309

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Texas Hemp Council; 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. (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 443A, Health and Safety Code; and
- (4) Title 7, Alcoholic Beverage Code.

SECTION 2. Section 122.001(3), Agriculture Code, is amended to read as follows:

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(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 3. 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 4. Chapter 122, Subchapter A, Agriculture Code, is amended by adding Section 122.005 to read as follows:

Sec. 122.005. PERFORMANCE OF DUTIES BY TEXAS A&M AGRILIFE EXTENSION SERVICE.

(a) Notwithstanding any other law, the department shall enter into a memorandum of understanding or other interagency contract

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with the Texas A&M AgriLife Extension Service under which the extension service agrees to perform all powers and duties conferred on the department under this chapter.

(b) The memorandum of understanding or contract must:

(1) provide for the delegation of regulatory and administrative functions necessary to implement this chapter;

(2) specify reporting oversight mechanism to ensure compliance with applicable state and federal law;

(3) include terms necessary to ensure continuity of program administration and protection of proprietary information;

(4) identify available sources of funding and establish a mechanism for the transfer of funds from the department to the extension service in amounts necessary to carry out the delegated powers and duties, including appropriated funds, fees collected under this chapter, and any other available revenue.

(c) The department shall retain final rulemaking authority under this chapter, but may not adopt rules inconsistent with the memorandum of understanding or contract entered into under this section.

(d) This section prevails over any conflicting provision of this chapter or other law.

SECTION 5. Section 122.103(a), Agriculture Code, is amended to read as follows:

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(a) A person may apply for a license under this subchapter by submitting an application to the department on a form and in the manner prescribed by the department. The application must be accompanied by:

(1) a legal description of each location where the applicant intends to cultivate or handle hemp and the global positioning system coordinates for the perimeter of each location;

(2) written consent from the applicant or the property owner if the applicant is not the property owner allowing the department, the Department of Public Safety, and any other state or local law enforcement agency to enter onto all premises where hemp is cultivated or handled to conduct a physical inspection or to ensure compliance with this chapter and rules adopted under this chapter;

(3) a statement affirming the person's status as a United States citizen or legal resident of the United States;

(4) the application fee; and

(5) any other information required by department rule.

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 Texas A&M AgriLife Extension Service;

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(2) an institution of higher education; or

(3) an independent testing laboratory:

(A) registered under Section 122.152; and

(B) licensed under Chapter 443A, Health and Safety

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 122.356(a), Agriculture Code, is amended to read as follows:

(a) A person may not transport hemp plant material in this state unless the hemp:

(1) is produced in compliance with:

(A) a state or tribal plan approved by the United States Department of Agriculture under 7 U.S.C. Section 1639p; or

(B) a plan established under 7 U.S.C. Section 1639q if the hemp was cultivated in an area where that plan applies; and

(2) is accompanied by:

(A) a shipping certificate or cargo manifest

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issued under Section 122.055 if the hemp originated in this state;
or

(B) documentation containing the name and address of the place where the hemp was cultivated, a statement that the hemp was produced in compliance with Texas law and 7 U.S.C. Chapter 38, Subchapter VII, and the name and address of the destination, if the hemp originated outside this state.

SECTION 9. Section 122.358, Agriculture Code, is amended by adding Subsection (e) to read as follows:

(e) Notwithstanding Subsection (a), if the person transporting the plant material fails to provide the documentation required by Section 122.356, the peace officer may seize the plant material and arrest the person transporting the plant material.

SECTION 10. Section 122.360(b), Agriculture Code, is amended to read as follows:

(b) An offense under this section is a Class A misdemeanor.

SECTION 11. Section 1.04, Alcoholic Beverage Code, is amended by adding Subdivisions (4-a), (32), (33), (34), (35), (36), (37), (38), (39), (40), (41), and (42) 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

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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 and amount of each cannabinoid analyte;

(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, drug, device, or cosmetic, as those terms are defined by Section 431.002, Health and Safety Code, that contains hemp or one or more hemp-derived cannabinoids. The term does not include a topical product

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containing hemp, a hemp beverage, or natural hemp flower as that term is defined by Section 301.001.

(34) "Converted cannabinoid" means a chemical substance purposely created by converting a phytocannabinoid into a different compound that is intended to mimic a phytocannabinoid or to interact with the endocannabinoid system, except for delta-9 tetrahydrocannabinol created by converting tetrahydrocannabinolic acid through decarboxylation.

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

(36) "Hemp beverage" means any consumable hemp product in liquid form that contains any amount of tetrahydrocannabinol.

(37) "Hemp-derived cannabinoid" means any cannabinoid that naturally occurs in hemp and was present in its natural molecular form in the particular hemp plant from which the cannabinoid was derived. The term includes delta-9 tetrahydrocannabinol created by converting tetrahydrocannabinolic acid through decarboxylation. The term does not include a converted cannabinoid or synthetic cannabinoid.

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

(39) "Hemp testing laboratory" means a laboratory, including a laboratory at an institution of higher education, as

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defined by Section 61.003, Education Code, authorized by and licensed under Chapter 443A, Health and Safety Code, to test hemp, including natural hemp flower and hemp biomass as those terms are defined by Section 301.001, hemp beverages, and consumable hemp products.

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

(41) "Synthetic cannabinoid" means a man-made chemical substance created by using chemical synthesis, chemical modification, chemical conversion, in-vitro biosynthesis, or bioconversion that is intended to mimic a phytocannabinoid or is intended to or able to interact with the endocannabinoid system.

(42) "Total tetrahydrocannabinol" means the value of tetrahydrocannabinol content determined after decarboxylation, including delta-8 tetrahydrocannabinol, delta-9

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tetrahydrocannabinol, delta-10 tetrahydrocannabinol, tetrahydrocannabinolic acid, and any other chemically similar isomer. If the value of tetrahydrocannabinol content contains any detectable amount of tetrahydrocannabinolic acid, the value is equal to the amount of tetrahydrocannabinolic acid multiplied by 0.877 plus the amount of all other tetrahydrocannabinols.

SECTION 12. The heading to Section 5.05, Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 13. Sections 5.05(a) and (d), Alcoholic Beverage Code, are amended to read as follows:

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

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

(A) at least five percent in a single alcoholic beverage or consumable hemp product business, including the right

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to share in profits, proceeds, or capital gains; or

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

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

(d) A person may not be a member of the commission and may 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 14. 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

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11.67, ~~[or]~~ 32.18, or 310.031 of this code, venue is in Travis County.

SECTION 15. Sections 5.31(a) and (b), Alcoholic Beverage 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;

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(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 16. Section 5.32, Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 17. Section 5.35, Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 18. Section 5.36, Alcoholic Beverage Code, is amended to read as follows:

Sec. 5.36. INVESTIGATION OF VIOLATIONS. [~~a~~] The commission shall investigate violations of this code and of other

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laws relating to alcoholic beverages and consumable hemp products, and shall cooperate in the prosecution of offenders before any court of competent jurisdiction. The commission may seize alcoholic beverages and consumable hemp products manufactured, sold, kept, imported, or transported in violation of this code and apply for the confiscation of the beverages and products if required to do so by this code.

SECTION 19. Sections 5.362(b) and (d), Alcoholic Beverage Code, are amended to read as follows:

(b) For each violation for which a license or permit may be suspended, the schedule of sanctions must include the number of 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 20. The heading to Section 5.38, Alcoholic Beverage

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Code, is amended to read as follows:

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

SECTION 21. 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 shall use a hemp testing lab licensed under Chapter 443A, Health and Safety Code, to conduct testing under this subsection.

SECTION 22. 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 application for an original or renewal permit or license, or in a periodic report relating to the importation, distribution, or sale of alcoholic beverages or consumable hemp products required by the commission to be regularly filed by a permittee or licensee.

SECTION 23. Section 5.50(b-1), Alcoholic Beverage Code, is amended to read as follows:

(b-1) The commission shall develop a process for setting

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fees that ensures the amount of the fees for an original or renewal certificate, permit, or license is sufficient to cover the costs incurred by the commission in administering this code. The process must:

(1) allow the commission to:

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

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

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

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

(a) The commission shall develop a formal process for making 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

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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 25. 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

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alcoholic beverage on the person's licensed or permitted premises during hours prohibited by Chapter 105 or Section 32.17(a)(7), a violation or offense related to a hemp beverage, or an offense relating to prostitution, trafficking of persons, gambling, or controlled substances or drugs, in which case the commission or administrator shall determine whether the permittee or licensee may have the opportunity to pay a civil penalty rather than have the permit or license suspended. The commission shall adopt rules addressing when suspension may be imposed pursuant to this section without the opportunity to pay a civil penalty. In adopting rules under this subsection, the commission shall consider the type of license or permit held, the type of violation, any aggravating or ameliorating circumstances concerning the violation, and any past violations of this code by the permittee or licensee. In cases in which a civil penalty is assessed, the commission or administrator shall determine the amount of the penalty. The amount of the civil penalty may not be less than \$150 or more than \$25,000 for each day the permit or license was to have been suspended. If the licensee or permittee does not pay the penalty before the sixth day after the commission or administrator notifies the licensee or permittee [him] of the amount, the commission or administrator shall impose the suspension.

SECTION 26. Sections 28.01(a) and (c), Alcoholic Beverage

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Code, are amended to read as follows:

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

(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 in containers of any legal size from any permittee or licensee authorized to sell those beverages for resale;

(2) purchase hemp beverages containing not more than 0.5 milligrams of tetrahydrocannabinol per ounce in containers of any legal size from any permittee or licensee authorized to sell those beverages for resale;

(3) sell the wine and malt beverages for consumption on the licensed premises; and

(4) sell the hemp beverages for consumption on the licensed premises.

SECTION 27. Section 41.01, Alcoholic Beverage Code, is amended by adding Subsection (a-1) to read as follows:

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(a-1) The holder of a carrier permit who holds a hemp beverage permit may continuously 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 continuously 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

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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 license.

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

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

(c) Notwithstanding any other law, a person holding a hemp beverage permit may not:

(1) allow a person under the age of 21 to enter or remain on the permitted or licensed premises;

(2) sell, offer for sale, or deliver any consumable hemp product or hemp beverage:

(A) on New Year's Day, Thanksgiving Day, or Christmas Day;

(B) on Sunday; or

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(C) before 10 a.m. or after 9 p.m. on any other day;

(3) allow the on-premise consumption of any alcoholic beverage, other than a hemp beverage;

(4) sell a consumable hemp product to a purchaser unless the purchaser presents an apparently valid, unexpired proof of identification; or

(5) provide a consumable hemp product to any person without receiving monetary consideration in a completed retail transaction.

Sec. 59.04. FEES. (a) A separate license fee is required for each place of business that manufactures, produces, sells, imports, exports, distributes, or possesses for the purpose of selling transporting, storing, or delivering for commercial purposes hemp beverages.

(b) The fee for the issuance of an original or renewal hemp beverage permit issued under this chapter is:

(1) \$5,000 for the holder of a package store permit;

(2) \$10,000 for the holder of a mixed beverage permit or private club registration permit;

(3) \$2,500 for the holder of a carrier's permit;

(4) \$7,500 for the holder of a brewer's license or nonresident brewer's license;

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(5) \$7,000 for the holder of a general distributor's license or branch distributor's license;

(6) \$2,500 for the holder of a brewpub license; and

(7) \$10,000 for the holder of a hemp retailer's license.

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

(1) must not:

(A) be designed to be attractive to children, including by mimicking other non-hemp derived products marketed to children;

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

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

(2) must be tamper evident and child resistant.

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

(c) The commission by rule shall impose restrictions on the

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holder of a hemp beverage permit with respect to advertising or otherwise promoting hemp beverages to minors to the full extent permitted by the United States Constitution and Texas Constitution.

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

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

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

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

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

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

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must cover approximately one-third of the sign.

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

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

Sec. 59.08. ELECTRONIC VERIFICATION OF CONSUMER'S IDENTIFICATION. (a) A holder of a hemp beverage permit authorized to sell or serve hemp beverages to an ultimate consumer shall, before initiating the sale, verify that the purchaser is 21 years of age or older.

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

(1) personally inspecting the provided proof of identification;

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

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identification certificate;

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

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

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

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

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

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

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

(2) the risks associated with the consumption of hemp

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beverages.

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

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

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

Sec. 59.10. HEMP BEVERAGES. A hemp beverage may not:

(a) contain any amount of converted cannabinoids or synthetic cannabinoids as those terms are defined by Section 1.004;

(b) contain or be mixed with alcohol, caffeine, tobacco, nicotine, kratom, kava, psychoactive mushrooms, or a derivative of any of those items;

(c) contain a total tetrahydrocannabinol content of greater than 0.5 milligrams per fluid ounce;

(d) contain less than 15 milligrams of hemp-derived cannabinoid, other than tetrahydrocannabinol, for every 1 milligram of tetrahydrocannabinol; or

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(e) except as provided by Section 59.11, contain more than 12 fluid ounces; or

(f) be sold to ultimate consumers in a package containing more than six individual hemp beverage containers.

Sec. 59.11. MULTI-SERVING HEMP BEVERAGES. (a) A hemp beverage permit holder that also holds a brewer's license, nonresident brewer's license, or brewpub license may produce a hemp beverage that contains more than 12 fluid ounces if the hemp beverage is contained in a resealable container containing less than 15.5 gallons.

(b) The permit holder may:

(1) sell hemp beverages containing more than 12 fluid ounces to a hemp beverage permit holder that also holds a brewer's license, nonresident brewer's license, general distributor's license, or branch distributor's license, or to qualified persons outside this state in compliance with that state's law; and

(2) if the permit holder is also licensed under Chapter 62A, self-distribute hemp beverages that contain more than 12 fluid ounces to licensed hemp retailers.

(c) A hemp beverage permit holder that also holds a general distributor's license or branch distributor's license may receive hemp beverages that contain more than 12 fluid ounces from authorized brewers as provided in Subsection (b) and general and

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branch distributors that also hold a hemp beverage permit. The distributor may only sell hemp beverages that contain more than 12 fluid ounces to a hemp beverage permit holder that is also a mixed beverage permit holder, private club registration permit holder, hemp retailer, general distributor's license holder, branch distributor's license holder, local distributor's permit holder, or a package store permit holder.

(d) A hemp beverage permit holder that also holds a package store permit may not sell hemp beverages that contain more than 12 fluid ounces to ultimate consumers.

(e) A hemp beverage permit holder that also holds a local distributor's permit may sell a hemp beverage that contain more than 12 fluid ounces for resale, but only to a hemp beverage permit holder that is also a mixed beverage permit holder, private club registration permit holder, or hemp retailer.

(f) A hemp beverage permit holder that also holds a mixed beverage permit, private club registration permit, or on-premise hemp retailer's license may use hemp beverages that contain more than 12 fluid ounces to serve, mix, or pour a hemp beverage for sale to an ultimate consumer.

(g) In addition to any other applicable requirements in this code, a hemp beverage that contains more than 12 fluid ounces must clearly and conspicuously display a warning that the container is

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not for individual sale.

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

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

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

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

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

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

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

SECTION 31. Section 61.31(b), Alcoholic Beverage Code, is

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amended to read as follows:

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

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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

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

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

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

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content, containers, packages, or labels.

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

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

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

Sec. 74.10. SALES OF HEMP BEVERAGES TO RETAILERS AND DISTRIBUTORS. (a) Notwithstanding any other provision of this 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 as provided under this section.

(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 and general

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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

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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, CONSUMABLE HEMP PRODUCTS, AND HEMP BEVERAGES 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 that prohibits consumable hemp products may sell or possess with intent to sell a consumable hemp product.

(a-2) Except as otherwise provided in this code, no person

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in a dry area that prohibits hemp beverages may sell or possess with intent to sell a hemp beverage.

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

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

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

(2) the alcohol content by volume.

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

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

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

(3) the total tetrahydrocannabinol concentration as a percentage of the total volume of the beverage

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

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

(6) a warning that consuming alcohol and hemp beverages

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together may result in unanticipated severe levels of intoxication; and

(7) a warning that consuming hemp beverages may result in an increased risk of psychosis.

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

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

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and Tobacco Tax and Trade Bureau for the product.

(a-1) The registration application for a hemp beverage must include a certificate of product approval issued by the Department of State Health Services under Section 443A.009 for the product.

(a-2) Each different sized container of the same type of hemp beverage produced by a holder of a brewer's or nonresident brewer's 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 product approval issued by the Department of State Health Services, as applicable, the commission shall approve the product under this section and issue a letter to that effect to the licensee unless the commission determines the product, despite having a valid federal certificate of label approval or a certificate of product approval issued by the Department of State Health Services, would create a public safety concern, create a cross-tier violation, or otherwise violate this code.

(e) Not later than the 30th day after the date the commission receives an application for registration of a product under this section, the commission shall either approve or deny the registration application. If the commission denies the

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application for a product with a valid federal certificate of label approval or a certificate of product approval issued by the Department of State Health Services or fails to act on the application within the time required by this subsection, the licensee submitting the application is entitled to an administrative hearing before the State Office of Administrative Hearings.

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

(1) accepting federal certificates of label approval or certificates of product approval issued by the Department of State Health Services for registration under this section;

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

(3) registering alcoholic beverage products, other than hemp beverages, during periods when the United States Alcohol and Tobacco Tax and Trade Bureau has ceased processing applications for a certificate of label approval.

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

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

SECTION 49. Subchapter D, Chapter 101, Alcoholic Beverage

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Code, is amended by adding Section 101.6702 to read as follows:

Sec. 101.6702. HEMP BEVERAGE AUTHORIZATION. (a) The commission shall by rule develop a process by which a hemp beverage is approved by the commission before the beverage is made available for sale or otherwise introduced into commerce in this state.

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

(c) The commission shall ensure that each hemp beverage container complies with the requirements of this code.

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

(a) A room, building, boat, structure, or other place where alcoholic beverages or consumable hemp products are sold, bartered, 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

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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 amended by adding Section 103.001 to read as follows:

Sec. 103.001. ILLICIT CONSUMABLE HEMP PRODUCTS. In this

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chapter, references to an "illicit beverage" include an illicit consumable hemp product.

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

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

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

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

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

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

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

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

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(b) A person who sells a minor an alcoholic beverage or a consumable hemp product does not commit an offense if the minor falsely represents the minor [~~himself~~] to be 21 years old or older by displaying an apparently valid proof of identification that contains a physical description and photograph consistent with the minor's appearance, purports to establish that the minor is 21 years of age or older, and was issued by a governmental agency. The proof of identification may include a driver's license or identification card issued by the Department of Public Safety, a passport, or a military identification card.

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

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

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

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

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

(b) It is an affirmative defense to prosecution under this

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section that the alcoholic beverage or consumable hemp product was consumed in the visible presence of the minor's adult parent, guardian, or spouse.

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

(1) requested emergency medical assistance in 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

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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;

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

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

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

(1) requested emergency medical assistance in 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

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another person:

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

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

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

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

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

(a) Except as provided in Subsection (b), a person commits an offense if the person purchases an alcoholic beverage or a consumable hemp product for or gives an alcoholic beverage or a consumable hemp product to a minor.

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

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

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

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

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

(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

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(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:

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

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

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

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

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

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

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

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addition to community service ordered under Section 106.071(d).

(b-2) For purposes of Subsection (b-1), if the defendant is enrolled in an institution of higher education located in a county in which access to an alcohol awareness or substance misuse education program is readily available, the court may consider the defendant to be a resident of that county. If the defendant is not enrolled in such an institution of higher education or if the court does not consider the defendant to be a resident of the county in which the institution is located, the defendant's residence is the residence listed on the defendant's driver's license or personal identification certificate issued by the Department of Public Safety. If the defendant does not have a driver's license or personal identification certificate issued by the Department of Public Safety, the defendant's residence is the residence on the defendant's voter registration certificate. If the defendant is not registered to vote, the defendant's residence is the residence on file with the public school district on which the defendant's enrollment is based. If the defendant is not enrolled in public school, the defendant's residence is determined by the court.

(c) The court shall require the defendant to present to the court, within 90 days of the date of final conviction, evidence in the form prescribed by the court that the defendant, as ordered by

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the court, has satisfactorily completed an alcohol awareness or substance misuse education program or performed the required hours of community service. For good cause the court may extend this period by not more than 90 days. If the defendant presents the required evidence within the prescribed period, the court may reduce the assessed fine to an amount equal to no less than one-half of the amount of the initial fine.

(d) If the defendant does not present the required evidence 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

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

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

(a-1) In addition to the requirements in Subsection (a), an employee's actions are not attributable to the employer if the employee sells, serves, or dispenses hemp beverages as authorized under Chapter 59 on the employer's premises and the employee has attended the annual hemp beverage training required under Section

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

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

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

(2) the employer has not directly or indirectly encouraged the employee to violate such law.

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

(a) Except as provided by Subsection (b), a [A] person may import not more than 24 12-ounce bottles or an equivalent quantity of malt beverages, 3 gallons of wine, and 1 gallon of distilled spirits for the person's own personal use without being required to hold a permit. A person importing alcoholic beverages into the state under this subsection must pay the state tax on alcoholic

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beverages and an administrative fee of \$3 and must affix the required tax stamps. No minor and no intoxicated person may import any alcoholic beverages into the state. A person importing alcoholic beverages under this subsection must personally accompany the alcoholic beverages as the alcoholic beverages enter the state. A person may not use the exemptions set forth in this subsection more than once every thirty days.

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

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

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

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

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

Sec. 109.01. SALE OF SALVAGED OR INSURED LOSS. If a person who does not hold a permit or license to sell alcoholic beverages

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or consumable hemp products acquires possession of alcoholic beverages or consumable hemp products as an insurer or insurance salvor in the salvage or liquidation of an insured damage or loss sustained in this state by a qualified licensee or permittee, the person [~~he~~] may sell the beverages or products in one lot or parcel as provided in this subchapter without being required to obtain a license or permit.

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

Sec. 109.03. PREREQUISITE TO SALABILITY. An alcoholic 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

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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 consumable hemp product licensee in the same manner provided for the sale of

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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. Title 5, Alcoholic Beverage Code, is amended by adding Chapter 202 to read as follows:

CHAPTER 202. CONSUMABLE HEMP PRODUCTS TAX

Sec. 202.001. DEFINITIONS. In this chapter:

(1) "Consumable hemp product" has the meanings assigned by Section 1.004, Alcoholic Beverage Code.

(2) "Total tetrahydrocannabinol" means the value of tetrahydrocannabinol content determined after decarboxylation

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including delta-8, delta-9, delta-10, tetrahydrocannabinolic acid, and any other chemically similar isomer. If the value of tetrahydrocannabinol content contains any detectable amount of tetrahydrocannabinolic acid, the value is equal to the amount of tetrahydrocannabinolic acid multiplied by 0.877 plus the amount of all other tetrahydrocannabinols.

Sec. 202.002. TIMELY FILING: DILIGENCE. A person filing a report or making a tax payment complies with the filing requirements for timeliness for a report not filed or a payment not made on time if the person exercised reasonable diligence to comply with the filing requirements and the failure to file or the making of a late payment is not the fault of the person.

Sec. 202.003. "FIRST SALE" DEFINED. In this chapter, "first sale" means the first sale of a consumable hemp product by the holder of a hemp manufacturer's license or an out-of-state hemp manufacturer's license to:

(1) the holder of a hemp manufacturer's license;
(2) the holder of a hemp distributor's license;
(3) a hemp retailer; or
(4) an ultimate consumer in this state for consumption on or off the manufacturer's licensed premises.

Sec. 202.004. TAX ON CONSUMABLE HEMP PRODUCTS. A tax is imposed on the first sale of a consumable hemp product at the rate

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of:

(1) for products containing 0.5 milligrams or less of total tetrahydrocannabinol, 2 cents per milligram of cannabinols contained in the consumable hemp product;

(2) for products containing 25 milligrams or less but more than 0.5 milligrams of total tetrahydrocannabinol, 25 cents per milligram of total tetrahydrocannabinol contained in the consumable hemp product;

(3) for products containing 50 milligrams or less but more than 25 milligrams of total tetrahydrocannabinol, 50 cents per milligram of total tetrahydrocannabinol contained in the consumable hemp product; and

(4) for products containing more than 50 milligrams of total tetrahydrocannabinol, one dollar per milligram of total tetrahydrocannabinol contained in the consumable hemp product.

Sec. 202.005. PAYMENT OF TAX; DISCOUNTS. (a) The tax on a consumable hemp product, levied and computed under this chapter, shall be paid by a remittance payable to the comptroller and forwarded together with any required sworn statement or report of taxes due to the commission in Austin on or before the date it is due.

(b) A discount of two percent of the amount due shall be withheld by the licensee for keeping records, furnishing bonds,

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and properly accounting for the remittance of the tax due. No discount is permitted if the tax is delinquent at the time of payment.

Sec. 202.006. DUE DATE. The tax on a consumable hemp product is due and payable on the 15th of the month following the first sale, together with a report on the tax due.

Sec. 202.007. SUMMARY SUSPENSION. (a) The commission may summarily suspend, without a hearing, the license of a licensee who fails to file a report or return or to make a tax payment required by this chapter. Chapter 2001, Government Code, does not apply to the commission in the enforcement and administration of this section.

(b) A suspension under this section takes effect on the third day after the date the notice of suspension is given. The notice shall be given to the licensee or the licensee's agent or employee by registered or certified mail if not given in person.

(c) The commission shall terminate a suspension made under this section when the licensee files all required returns and makes all required tax payments that are due.

Sec. 202.008. EXEMPTION FROM TAX. (a) No tax may be collected on a consumable hemp product shipped out of state for consumption outside the state.

(b) The commission shall provide forms for claiming the

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exemption prescribed by this section.

(c) A tax credit shall be allowed for payment of any unintended or excess tax.

Sec. 202.009. REFUND DUE ON DISPOSITION OUTSIDE OF STATE.
The holder of any license authorizing the transportation of consumable hemp products out of this state may apply to the commission for a refund of the tax paid on a consumable hemp product on proper proof that the product was sold or disposed of outside of this state.

Sec. 202.010. EXCESS TAX. A licensee is entitled to a refund of or a tax credit on a future tax payment for any excess tax paid on a consumable hemp product through oversight, mistake, error, or miscalculation.

Sec. 202.011. TAX CREDITS AND REFUNDS. The commission shall provide by rule for the equitable and final disposition of tax refunds or credits when the tax on a consumable hemp product is overpaid or paid by mistake. The commission shall prescribe the time and manner for filing claims for credits and refunds and provide appropriate forms.

Sec. 202.012. STATEMENTS. (a) The commission may require the manufacturer of a consumable hemp product processed or manufactured in this state or imported into this state to provide information as to purchases, sales, and shipments to enable the

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commission to collect the full amount of the tax due on the consumable hemp product. No licensee may fail or refuse to furnish the information.

(b) The commission may seize or withhold from sale the manufacturer's consumable hemp products for failure or refusal to supply the information required under Subsection (a) or to permit the commission to make an investigation of pertinent records whether inside or outside this state.

Sec. 202.013. SALE OF UNTAXED CONSUMABLE HEMP PRODUCTS PROHIBITED. No person may sell, offer for sale, or store for the purpose of sale in this state any consumable hemp product on which the tax, if due, has not been paid.

Sec. 202.014. TAX ON UNSALABLE CONSUMABLE HEMP PRODUCTS. No tax under Section 202.003 may be imposed or collected on a consumable hemp product that for any reason has been found and declared to be unsalable by the commission or administrator. A hemp manufacturer or an out-of-state hemp manufacturer is entitled to a refund of any tax the manufacturer paid on an unsalable consumable hemp product.

Sec. 202.015. EVIDENCE IN SUIT. In a suit brought to enforce the collection of tax owed by the holder of a license authorizing the sale of consumable hemp products in this state, a certificate by the commission or administrator showing the delinquency is prima

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facie evidence of:

(1) the levy of the tax or the delinquency of the stated amount of tax and penalty; and

(2) compliance by the commission with the provisions of this code relating to the computation and levy of the tax.

Sec. 202.016. PENALTY. A person who violates any section of this chapter except Section 202.008 or 202.012 commits a misdemeanor which on conviction is punishable by a fine of more than \$100 but not more than \$1,000 or by imprisonment in the county jail for more than 30 days but not more than one year. A violation of Section 202.008 or 202.012 is punishable in accordance with Section 1.05.

Sec. 202.017. CONSUMABLE HEMP PRODUCTS TAX DISTRIBUTION.

(a) The revenue attributable to taxes imposed under this chapter and Chapter 151, Tax Code, on consumable hemp products shall be deposited to the credit of the general revenue fund. Money deposited under this section may be appropriated only as follows:

(1) one-half of the revenue to the commission for the administration and enforcement of this code with respect to consumable hemp products;

(2) one-fourth of the revenue to accredited crime laboratories; and

(3) one-fourth of the revenue to local governments for

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addiction treatment and education programs.

(b) Chapter 205 of this code and Subchapter M, Chapter 151, Tax Code, do not apply to revenue to which this section applies.

SECTION 78. Section 203.01, Alcoholic Beverage Code, is amended to read as follows:

Sec. 203.01. TAX ON MALT BEVERAGES. (a) 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.

(b) A tax is imposed on the first sale of a hemp beverage manufactured in this state or imported into this state at the rate of:

(1) for a hemp beverage container containing 0.5 milligrams or less of total tetrahydrocannabinol, 2 cents per milligram of cannabinoids contained in the hemp beverage container;

(2) for a hemp beverage container containing 6 milligrams or less but more than 0.5 milligrams of total tetrahydrocannabinol, 25 cents per milligram of total tetrahydrocannabinol contained in the hemp beverage container; and

(3) for a hemp beverage container containing more than 6 milligrams of total tetrahydrocannabinol, one dollar per milligram of total tetrahydrocannabinol contained in the hemp beverage container.

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SECTION 79. Chapter 203, Alcoholic Beverage Code, is amended by adding Section 203.14 to read as follows:

Sec. 203.14. HEMP BEVERAGE TAX DISTRIBUTION. (a) The revenue attributable to taxes imposed under this chapter and Chapters 151 and 183, Tax Code, on hemp beverages shall be deposited to the credit of the general revenue fund. Money deposited under this section may be appropriated only as follows:

(1) one-half of the revenue to the commission for the administration and enforcement of this code with respect to hemp beverages;

(2) one-fourth of the revenue to accredited crime laboratories; and

(3) one-fourth of the revenue to local governments for addiction treatment and education programs.

(b) Chapter 205 of this code, Subchapter M, Chapter 151, Tax Code, and Subchapter C, Chapter 183, Tax Code, do not apply to revenue to which this section applies.

SECTION 80. 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" for consumable hemp products if the sale of the

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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 81. Section 251.72, Alcoholic Beverage Code, is amended to read as follows:

Sec. 251.72. CHANGE OF STATUS. Except as provided in Sections 251.725, 251.726, 251.727, 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.

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SECTION 82. 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 83. 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

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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 84. 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

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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.

(b) Notwithstanding any other provision of this code, a person who has been issued a hemp distributor's license, whose warehouse or other facility used in connection with the distributorship is located in the area affected, may not subsequently be denied an original or renewal hemp distributor'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

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election or issued a license as authorized by this section may exercise all privileges granted by this code to the holder of a hemp distributor's license, except that the distributor may sell consumable hemp products only to licensed persons located where the sale of such products is legal.

SECTION 85. The Alcoholic Beverage Code is amended by adding Title 7 to read as follows:

TITLE 7. CONSUMABLE HEMP PRODUCTS

SUBTITLE A. GENERAL PROVISIONS

CHAPTER 301. GENERAL PROVISIONS

Sec. 301.001. DEFINITIONS. In this title:

(1) "Batch" means a specific quantity of plant matter, raw materials, or processed product that is uniform and intended to meet specifications for identity, strength, purity, and composition.

(2) "Converted cannabinoid" means a chemical substance purposely created by converting a phytocannabinoid into a different compound that is intended to mimic a phytocannabinoid or to interact with the endocannabinoid system, except for delta-9 tetrahydrocannabinol created by converting tetrahydrocannabinolic acid through decarboxylation.

(3) "Council" means the Texas Hemp Council.

(4) "Hemp biomass" means the unrefined and

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unadulterated plant matter including flowers, leaves, and other parts of the plant cannabis sativa L. with a delta-9 tetrahydrocannabinol concentration of less than 0.3 percent by dry weight.

(5) "Hemp-derived cannabinoid" means any cannabinoid that naturally occurs in hemp and was present in its natural molecular form in the particular hemp plant from which the cannabinoid was derived. The term includes delta-9 tetrahydrocannabinol created by converting tetrahydrocannabinolic acid through decarboxylation. The term does not include a converted cannabinoid or synthetic cannabinoid.

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

(7) "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.

(8) "Natural hemp flower" means unadulterated dried flower from the plant cannabis sativa L. with a delta-9 tetrahydrocannabinol concentration of less than 0.3 percent by dry weight.

(9) "Phytocannabinoid" means a chemical substance:

(A) created naturally by a plant of the species

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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.

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

(A) sold as a consumable hemp product;

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

(C) incorporated into a consumable hemp product;

or

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

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

(12) "Synthetic cannabinoid" means a man-made chemical substance created by using chemical synthesis, chemical modification, chemical conversion, in-vitro biosynthesis, or bioconversion that is intended to mimic a phytocannabinoid or is

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intended to or able to interact with the endocannabinoid system.

(13) "Total tetrahydrocannabinol content" means the value of tetrahydrocannabinol content determined after decarboxylation including delta-8, delta-9, delta-10, tetrahydrocannabinolic acid, and any other chemically similar isomer. If the value of tetrahydrocannabinol content contains any detectable amount of tetrahydrocannabinolic acid, the value is equal to the amount of tetrahydrocannabinolic acid multiplied by 0.877 plus the amount of all other tetrahydrocannabinols.

(14) "Work in progress" means hemp extract that is in the intermediate phase of processing and refinement and that is not intended for sale to a retailer or an ultimate consumer.

Sec. 301.002. APPLICABILITY OF OTHER LAW. (a) Unless expressly provided otherwise in this title, the following provisions do not apply in the regulation of consumable hemp products or to a license issued under this title:

(1) Title 3;

(2) Chapter 102; and

(3) Sections 6.03 and 109.53.

(b) Chapter 431, Health and Safety Code, applies to a license holder and a consumable hemp product regulated under this chapter.

Sec. 301.003. POSSESSION, TRANSPORTATION, AND SALE OF CONSUMABLE HEMP PRODUCTS. (a) Except as provided by Subsection

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(b), a person may possess, transport, sell, or purchase a consumable hemp product only if the product is processed or manufactured in compliance with this title.

(b) Nothing in this title prohibits the continuous transportation or shipment of hemp or hemp products produced in another state in accordance with federal law through this state.

Sec. 301.004. LOW-THC CANNABIS. This title does not apply to low-THC cannabis regulated under Chapter 487, Health and Safety Code.

Sec. 301.005. LOCAL REGULATION PROHIBITED. (a) Except as 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 concerning 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. 301.006. SEVERABILITY. (a) A provision of this title or its application to any person or circumstance is invalid if the

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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. 301.007. WAIVER OF REQUIREMENTS OR STANDARDS. (a) Subject to Subsection (b), the commission 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 commission 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 regular session of the legislature that begins after the waiver or

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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, 2027.

Sec. 301.008. SALE OR INTRODUCTION INTO COMMERCE. (a)
Natural hemp flower or hemp biomass that has a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent by dry weight, subject to the measure of uncertainty, may not be introduced into commerce in this state.

(b) A consumable hemp product or hemp beverage may not be sold at retail or otherwise introduced into commerce in this state if:

(1) it is derived from hemp grown or harvested outside of the United States; or

(2) the tetrahydrocannabinol content exceeds the applicable limit established by Section 59.10 or 320.005.

SUBTITLE B. REGULATION

CHAPTER 310. LICENSING

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 310.001. LICENSE REQUIRED. (a) A person may not 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

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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.

(f) A license issued under this title is a purely personal privilege and is subject to revocation or suspension as provided by this title. A license issued under this title is not property,

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is not subject to execution, does not pass by descent or distribution, and expires on the death of the license holder.

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

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

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

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

(e) A hearing under this section shall be conducted by the State Office of Administrative Hearings. Chapter 2001, Government

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Code, applies to a hearing under this section. After a hearing under this section, the administrative law judge shall make findings of fact and conclusions of law and promptly issue to the commission a proposal for a decision on the application. Based on the findings of fact, conclusions of law, and proposal for a decision, the commission shall issue a final decision denying the application or issuing the license.

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

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

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

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

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

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

(3) a statement affirming the person's status as a United States citizen or legal resident of the United States; and

(4) its written policies and procedures for monitoring and tracking all quality assurance concerns and complaints from consumers and retail license holders, including:

(A) a policy requiring notification to the commission within 24 hours of the applicant initiating a recall;

(B) procedures for rapid notification to the applicant's supply and distribution chain to recall any consumable hemp product or hemp beverage when directed by the commission or as deemed necessary by the applicant;

(C) procedures for instructing the general public and retail license holders how to return or destroy a consumable hemp product or hemp beverage manufactured by the applicant and subject to a recall.

Sec. 310.004. CONTENTS OF APPLICATION: DISTRIBUTORS. In addition to any requirements imposed by this subchapter or the 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

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products; and

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

(3) a statement affirming the person's status as a United States citizen or legal resident of the United States.

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;

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

(3) a statement affirming the person's status as a United States citizen or legal resident of the United States.

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.

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

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filed on behalf of the state.

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

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

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

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

(e) Notwithstanding any other provision of this code, if the
county clerk, city secretary, or city clerk certifies that the
location or address given in the request is not in a wet area or

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refuses to issue the certification required by this section, the prospective applicant is entitled to a hearing before the county judge to contest the certification or refusal to certify. The prospective applicant must submit a written request to the county judge for a hearing under this subsection. The county judge shall conduct a hearing required by this subsection not later than the 30th day after the date the county judge receives the written request.

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

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

Sec. 310.009. EXPIRATION OF LICENSE. (a) Except as provided by Subsections (b) and (c) or another provision of this title, any license issued under this title expires on the second

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anniversary of the date on which it is issued.

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

(c) The commission may issue a license with an expiration date of less than two years after the date the license is issued to maintain a reasonable annual distribution of renewal application review work and license fees. If the commission issues a license with an expiration date of less than two years after the date the license is issued, the commission shall prorate the license fee on a monthly basis so the license holder pays only that portion of the license fee that is allocable to the number of months during which the license is valid.

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

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

Sec. 310.011. NAME OF BUSINESS. A person may not own, wholly or partly, a business engaged in the processing, manufacture, transportation, distribution, importation, or sale of consumable hemp products under a name other than the name to which the license

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covering the person's place of business is issued.

Sec. 310.012. PRIVILEGES LIMITED TO LICENSED PREMISES.

Except as otherwise provided by this title, a person licensed to sell consumable hemp products at retail may not use or display a license or exercise a privilege granted by the license except at the licensed premises.

Sec. 310.013. AGENT FOR SERVICE. Each licensed hemp manufacturer, out-of-state hemp manufacturer, and hemp distributor, or person shipping consumable hemp products into this state, shall file a certificate with the secretary of state designating the name, street address, and business of the person's agent on whom process may be served. Filing a certificate shall constitute consent to jurisdiction in the courts of this state. If a licensee fails to file a certificate, 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 by the secretary of state 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

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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 (e), 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 \$10,000, conditioned on the applicant's or license holder's compliance with laws relating to consumable hemp products and narcotics. This bond requirement is in addition to any other applicable bond requirement imposed by this code.

(b) A surety bond required under this section must contain

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the following statements on the face of the bond:

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

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

(c) The commission shall adopt rules relating to the:

(1) form of a surety bond;

(2) qualifications for a surety;

(3) method for filing and obtaining approval of the bond by the commission; and

(4) release or discharge of the bond.

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

(1) one or more certificates of deposit assigned to the state issued by a federally insured bank or savings institution authorized to do business in this state; or

(2) one or more letters of credit issued by a federally insured bank or savings institution authorized to do business in

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this state.

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

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

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

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

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

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

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

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(1) \$25,000 for a hemp manufacturer's license;

(2) \$20,000 for an out-of-state hemp manufacturer's license;

(3) \$10,000 for a hemp distributor's license;

(4) \$20,000 for an off-premise hemp retailer's license;

(5) \$30,000 for an on-premise hemp retailer's license;

and

(6) \$10,000 for a hemp carrier's license.

(c) All license fees shall be deposited as provided in a fund dedicated for the administration of hemp laws. 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 executive commissioner may not refund a license fee except when an application for a license is denied under Section 310.021. The commission may appropriate as much of the proceeds from the license fees as necessary for the payment of a refund

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under this subsection.

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

(b) The commission shall deny an application for a license under this title if:

(1) the applicant fails to include the required contents; or

(2) the commission has reasonable grounds to believe and finds that:

(A) the applicant is a minor;

(B) the applicant is indebted to the state for any taxes, fees, or penalties imposed by this code or a rule adopted by the commission; (C) the place or manner in which the applicant may conduct the applicant's business warrants a denial of the application for a license based on the general welfare, health, peace, morals, safety, and sense of decency of the people; (D) the applicant has developed an incapacity that prevents or could prevent the applicant from conducting the applicant's business with reasonable skill, competence, and safety to the public; (E) the applicant is not a United States citizen or legal

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resident of the United States; (F) the applicant was convicted of a felony during the five years immediately preceding the filing of the applicant's application; (G) the applicant is not of good moral character or the applicant's reputation for being a peaceable, law-abiding citizen in the community where the applicant resides is bad; (H) as to a corporation, it is not incorporated under the laws of this state, or at least 51 percent of the corporate stock is not owned at all times by persons who individually are qualified to obtain a license; (H) the applicant was convicted of a felony under Chapter 481, Health and Safety Code, during the ten years immediately preceding the filing of the applicant's application; or (I) granting the license would result in subterfuge ownership of the license or the licensed premises in violation of Section 310.036.

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

(d) The commission shall deny for a period of one year an application for a hemp retailer's license for a premises where a

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license or permit issued under this code has been canceled during the immediately preceding 12 months as a result of:

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

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

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

(f) The commission shall deny an application for an original 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, or an offense involving drugs, prostitution, or trafficking of persons.

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

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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 convicted in a court of competent jurisdiction for the violation of a provision of this code during the two years immediately preceding the filing of an application;

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

(3) the applicant has violated or caused to be violated a provision of this code or a rule adopted under this code during

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the 12-month period immediately preceding the filing of an application;

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

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

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

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

(8) the place, building, or premises for which the license is sought was used for selling consumable hemp products, 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

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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 for violating a penal provision of this code;

(3) was finally 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, a consumable hemp product not authorized to be sold on

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the licensed premises, or permitted an agent, servant, or employee to do so;

(9) employed a person under 21 years of age to sell, handle, or dispense consumable hemp products, or to assist in doing so, except as authorized under Sections 310.301 and 310.302;

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

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

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

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

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

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

(16) acquired a consumable hemp product for the purpose

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of resale from a hemp retailer;

(17) manufactured, processed, purchased, imported, exported, sold, offered for sale, distributed, or delivered a consumable hemp product while the license holder's license was under suspension;

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

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

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

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

(22) is residentially domiciled with or related to a person whose license has been canceled within the preceding 12 months so that there is a community of interests that the

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commission or administrator finds contrary to the purposes of this title;

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

(24) often uses narcotic drugs, as that term is defined by Section 481.002, Health and Safety Code, or uses 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;

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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;

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

(d) The commission by rule may prescribe procedures for the determination and appeal of an emergency order issued under this section, including a rule allowing the commission to affirm,

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modify, or set aside a decision made by the State Office of Administrative Hearings under Subsection (c).

(e) A proceeding under this section is a contested case under Chapter 2001, Government Code.

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

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

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

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

(B) that there is a reasonable likelihood that such conduct would continue at the same location under another

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license holder; and

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

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

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

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

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

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

(b) In determining whether to give a license holder the
opportunity to pay a civil penalty under this section, the

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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) any past violations of this code by the license holder.

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

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

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

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exists:

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

(2) that the license holder was entrapped;

(3) that an agent, servant, or employee of the license 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

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(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 in the fund established under Section 202.016.

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

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

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

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

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

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

Sec. 310.034. ACTIVITIES PROHIBITED DURING CANCELLATION OR SUSPENSION. (a) A person whose license is canceled may not test, manufacture, process, distribute, import, store, sell, or offer for sale consumable hemp products for a period of one year immediately following the cancellation, unless the order of cancellation is superseded pending trial or unless the person prevails in a final judgment rendered on an appeal prosecuted in accordance with this code.

(b) A person may not test, manufacture, process, distribute, import, store, sell, or offer for sale a consumable hemp product which the person was authorized to sell under a license after the

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license has been suspended. If it is established to the satisfaction of the commission or administrator at a hearing that a consumable hemp product was tested, manufactured, processed, distributed, imported, stored, sold, or offered for sale during a period of suspension, the commission or administrator may cancel the license.

Sec. 310.035. MULTIPLE LICENSES. (a) Subject to Subsections (b), (c), (d), and (e), a person may hold more than one license type under this chapter.

(b) A person who holds a hemp manufacturer's license may not hold:

(1) a hemp distributor's license; or

(2) a hemp carrier's license.

(c) A person who holds a distributors license may not hold:

(1) an on-premise hemp retailer's license;

(2) an off-premise hemp retailer's license; or

(3) a hemp manufacturer's license.

(d) A person who holds an on-premise hemp retailer's license may not hold an off-premise hemp retailer's license.

(e) A person may not hold more than a total of five hemp retailer's licenses.

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

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(b) The commission or administrator may permanently suspend a license issued under this title if it is found, after notice and hearing, that the license holder violated Subsection (a).

(c) In this section, "subterfuge" means any act, device, scheme, or arrangement intended to evade or conceal the true ownership or control of a license or licensed premises.

SUBCHAPTER B. MANUFACTURING

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

(1) receive and process at the licensed premises natural hemp flower or hemp biomass from a hemp grower licensed under Section 122.101, Agriculture Code, or a hemp grower licensed under another state's laws;

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

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

(4) label and package the license holder's finished consumable hemp products; and

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

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

- (1) the licensed premises of a licensed purchaser; and
- (2) an ultimate consumer, as provided by Subsection (a) (7); and
- (3) lawful destinations outside this state for delivery to qualified purchasers or recipients.

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

(d) The holder of a hemp manufacturer'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.

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

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(1) described by Subsection (d);

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

(3) printed or painted with the manufacturer's discrete
mark or brand and the manufacturer's license number as required
for the holder of a hemp distributor's license under Section
310.204.

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

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

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

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

(B) private warehouse that is:

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

(ii) registered with the commission.

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

(h) A holder of a hemp manufacturer's license may not
knowingly use or employ any person under 21 years of age to work

____.B. No. ____

on the license holder's premises in any capacity.

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

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

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

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

(1) the manufacturer's license number; and

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

Sec. 310.102. OUT-OF-STATE HEMP MANUFACTURER'S LICENSE. (a)

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The holder of an out-of-state hemp manufacturer's license may:

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

(2) solicit and take orders for works in progress from a holder of a hemp manufacturer's license or another out-of-state hemp manufacturer; and

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

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

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

(1) the licensed premises of a licensed purchaser described by paragraph (a) (3); and

(2) ultimate consumers, as provided by Subsection (a) (4).

____.B. No. ____

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

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

(1) the manufacturer's license number; and

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

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

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

(c) A manufacturer licensed under this subchapter transporting a work in progress must provide with the work in progress the sending manufacturer's license number and the license number of the receiving manufacturer. Manufacturers must keep a log of any such shipments with the date, time, volume, and batch

____.B. No. ____

of the work in progress. The log entry must be signed by the individuals who authorized the shipment and accompanied the shipment.

Sec. 310.104. SELF-AUDITS. (a) At least once every calendar quarter, a person licensed under this subchapter shall conduct a self-audit of inventory creation, tracking, and sales and maintain the resulting data in the form and for the duration required by the commission.

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

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

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

Sec. 310.106. PURCHASE, SALE, AND TRANSPORTATION OF NATURAL HEMP FLOWER. For the purposes of this subchapter, a holder of a hemp manufacturer's license or an out-of-state hemp manufacturer's license may purchase, sell, and transport natural hemp flower between the manufacturer and the holder of a hemp distributor's license, and another licensed hemp manufacturer in the same manner in which the manufacturer may purchase, sell, and transport consumable hemp products to such license holders under this

____.B. No. ____

subchapter.

Sec. 310.107. ELECTRONIC VERIFICATION OF CONSUMER'S IDENTIFICATION. (a) A holder of a hemp manufacturer's license or out-of-state hemp manufacturer's license that sells or delivers consumable hemp products to an ultimate consumer shall, before initiating the sale and delivering the product, verify that the purchaser is 21 years of age or older by:

(1) personally inspecting the provided proof of identification and scanning the provided proof of identification with a device capable of deciphering electronically readable information on a driver's license, commercial driver's license, or identification certificate using identification authentication software approved by the Department of Public Safety; or

(2) using any other identification security features the commission determines appropriate.

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

____.B. No. ____

(c) A holder of a hemp manufacturer's license or out-of-state hemp manufacturer's license, or the license holder's agent, servant, or employee may not sell a consumable hemp product to a purchaser unless the person presents an apparently valid, unexpired proof of identification.

SUBCHAPTER C. DISTRIBUTION

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

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

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

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

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

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

(b) The holder of a hemp distributor's license may ship consumable hemp products using a licensed hemp carrier or the United States Postal Service, or personally transport consumable hemp products, for a lawful purpose:

____.B. No. ____

(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;

(3) from the distributor's licensed premises or authorized place of storage to ultimate consumers; and

(4) 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 by 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

____.B. No. ____

310.203.

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

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

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

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

(B) private warehouse that is:

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

(ii) registered with the commission.

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

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

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

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stored.

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

Sec. 310.204. PURCHASE, SALE, AND TRANSPORTATION OF NATURAL HEMP FLOWER. For the purposes of this subchapter, a holder of a hemp distributor's license may purchase, sell, and transport natural hemp flower between the distributor and the holder of a hemp manufacturer's license, the holder of an out-of-state hemp manufacturer's license, and another hemp distributor in the same manner in which the distributor may purchase, sell, and transport consumable hemp products to those license holders under this subchapter.

Sec. 310.205. ELECTRONIC VERIFICATION OF CONSUMER'S IDENTIFICATION. (a) A holder of a hemp distributor's license that sells or delivers consumable hemp products to an ultimate consumer shall, before initiating the sale and delivering the product, verify that the purchaser is 21 years of age or older by:

(1) personally inspecting the provided proof of identification and scanning the provided proof of identification with a device capable of deciphering electronically readable information on a driver's license, commercial driver's license, or

____.B. No. ____

identification certificate using identification authentication software approved by the Department of Public Safety; or

(2) using any other identification security features the commission determines appropriate.

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

(c) A holder of a hemp distributor's license, or the license holder's agent, servant, or employee may not sell a consumable hemp product to a purchaser unless the person presents an apparently valid, unexpired proof of identification.

SUBCHAPTER D. RETAIL SALE OF HEMP

Sec. 310.301. GENERAL HEMP RETAILER PROVISIONS. (a) Except as otherwise provided by this chapter, only a licensed hemp retailer may sell consumable hemp products at retail.

(b) A hemp retailer's location must be at a fixed location and may not be in a vehicle or otherwise mobile.

(c) A hemp retailer may not:

____.B. No. ____

(1) permit a person under the age of 21 to enter or remain on the premises; or

(2) sell or offer for sale any consumable hemp product or hemp beverage:

(A) on New Year's Day, Thanksgiving Day, or Christmas Day;

(B) on Sunday; or

(C) before 10 a.m. or after 9 p.m. on any other day;

(3) deliver any consumable hemp product or hemp beverage to an ultimate consumer; or

(4) allow the on-premise consumption of any alcoholic beverage, other than a hemp beverage;

(5) sell a consumable hemp product to a purchaser unless the purchaser presents an apparently valid, unexpired proof of identification; or

(6) provide a consumable hemp product to any person without receiving monetary consideration in a completed retail transaction.

(d) Except as provided by Subsection (c), a hemp retailer:

(1) may sell:

(A) consumable hemp products;

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

____.B. No. ____

hemp beverages; and

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

(2) may not sell:

(A) tobacco and nicotine products, alcoholic
beverages, or natural hemp flower; or

(B) a hemp product or hemp beverage that is derived
from hemp grown or harvested outside of the United States.

(e) For the purposes of Subsection (d), the term alcoholic
beverages does not include hemp beverages.

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 finished consumable hemp products, and hemp

____.B. No. ____

beverages to ultimate consumers off the licensed premises, but not for resale purposes.

(b) Except as otherwise prohibited by law, the holder of an off-premise hemp retailer's license may ship consumable hemp products, and hemp beverages using a licensed hemp carrier or the United States Postal Service or personally transport those items, if the shipping or transportation is for a lawful purpose.

(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.

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

(1) described by 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 with the retailer's discrete mark or brand and the retailer's license number as required for the holder of a hemp distributor's license under Section 310.203.

(e) A person may not hold or have an interest, directly or

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indirectly, in more than 5 hemp retailer stores or in their business or license.

(f) For the purpose of Subsection (e):

(1) a person has an interest in any license in which the person's spouse has an interest; and

(2) as to a corporate license holder, the stockholders, managers, officers, agents, servants, and employees of the corporation have an interest in the license, business, and hemp retailer stores of the corporation.

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

(1) a public corporation;

(2) any entity that is directly or indirectly owned or controlled, wholly or partly, by a public corporation;

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

(4) any entity that holds a hemp manufacturer's or distributor's license.

(h) For purposes of Subsection (g), a public corporation means:

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

____.B. No. ____

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

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

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

(k) An off-premise hemp retailer's license holder may not knowingly use or employ any person under 21 years of age to work on the premises of the retailer in any capacity.

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

Sec. 310.303. ON-PREMISE HEMP RETAILER'S LICENSE. (a) The holder of an on-premise hemp retailer's license may engage in the same activities as the holder of an off-premise hemp retailer's

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license.

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

(c) If an on-premise hemp retailer's license holder also obtains a hemp beverage permit, the license holder may serve, mix, and pour hemp beverages for on-premises consumption provided that the consumer may not be served more than 12 milligrams of total tetrahydrocannabinol content within a 24-hour period.

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

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

(2) the nature and risks associated with the consumption of consumable hemp products.

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

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

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

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

Sec. 310.305. SALES NEAR CERTAIN LOCATIONS. (a)
Notwithstanding any other law, the retail sale of consumable hemp products is prohibited within 1,000 feet of a school, church, public playground, day-care center, child-care center, homeless shelter, or substance abuse treatment center.

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

____.B. No. ____

Sec. 310.306. VIDEO SURVEILLANCE. (a) A license holder authorized to sell consumable hemp products at retail under this subchapter shall install a fully operational video surveillance and camera recording system on the licensed premises. The system must capture video of the portion of the premises accessible to the public, including the checkout area but excluding any restroom.

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

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

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

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

(b) A person shall verify a purchaser's or recipient's age

____.B. No. ____

under Subsection (a) by:

(1) personally inspecting the provided proof of identification and scanning the provided proof of identification with a device capable of deciphering electronically readable information on a driver's license, commercial driver's license, or identification certificate using identification authentication software approved by the Department of Public Safety; or

(2) using any other identification security features the commission determines appropriate.

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

(d) A holder of a hemp retailer's license, or the license holder's agent, servant, or employee, may not sell, serve, or deliver a consumable hemp product to a purchaser or recipient unless the person presents an apparently valid, unexpired proof of identification.

Sec. 310.308. SELF-AUDITS. At least once every calendar

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quarter, a hemp retailer shall conduct a self-audit of inventory tracking and sales data and maintain the resulting data in the form required and for the duration required by the commission. The license holder shall provide the data to the commission on request. This data qualifies as a private record under Section 5.48.

Sec. 310.309. AGE REQUIREMENTS. A person under 21 years of age may not be permitted to enter or remain on the licensed premises of a hemp retailer.

SUBCHAPTER E. HEMP CARRIER LICENSE

Sec. 310.401. HEMP CARRIER LICENSE. (a) The holder of a hemp carrier license may transport consumable hemp products into and out of this state and between points within this state.

(b) The license holder may continuously transport consumable hemp products from one wet area to another wet area across a dry area if that course of transportation is necessary or convenient.

(c) The holder of a hemp carrier license who transports consumable hemp products to the premises of a holder of a hemp manufacturer's license or hemp distributor's license, or the license holder's authorized place of storage, shall provide to the consignee a shipping invoice that clearly states:

(1) the name and address of the consignor and consignee;

____.B. No. ____

(2) the origin and destination of the shipment; and
(3) any other information required by this code or
commission rule, including the brands of consumable hemp products,
sizes of containers, types of consumable hemp products, and
quantities of consumable hemp products contained in the shipment.

(d) A hemp carrier license may be issued to:

(1) a water carrier;
(2) an airline;
(3) a railway;
(4) a motor carrier registered under Chapter 643,
Transportation Code; or

(5) a common carrier operating under a certificate
issued by the Interstate Commerce Commission.

(e) The holder of a hemp carrier license shall furnish
information required by the commission concerning the
transportation of consumable hemp products.

SUBTITLE C. 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)

____.B. No. ____

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. CONVERTED OR SYNTHETIC CANNABINOIDS PROHIBITED. A consumable hemp product may not contain any converted or synthetic cannabinoids. A consumable hemp product may contain only cannabinoids that are hemp derived cannabinoids.

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 designed to be attractive to minors.

(b) A consumable hemp product may be in the form of gummies, pills, or mints, provided that the form of the item and packaging are not attractive to minors and comply with Sections 322.001 and 322.002.

(c) A consumable hemp product may not be in a form intended for inhaling by heating the product, including as a hemp-infused oil.

Sec. 320.005. CANNABINOID LIMITS FOR CONSUMABLE HEMP PRODUCTS. (a) A consumable hemp product that is an oil-based

____.B. No. ____

tincture may not contain more than, subject to allowable variance rates and the measure of uncertainty:

(1) 2.5 milligrams of tetrahydrocannabinol in each one-milliliter serving;

(2) 50 milligrams of cannabinoids, other than tetrahydrocannabinol, in each one-milliliter serving;

(b) A consumable hemp product other than an oil-based tincture may not contain more than, subject to allowable variance rates and the measure of uncertainty:

(1) 2.5 milligrams of tetrahydrocannabinol in each serving;

(2) 50 milligrams of cannabinoids, other than tetrahydrocannabinol, in each serving;

(C) Notwithstanding Subsection (a) or (b), a consumable hemp product must contain at least 15 milligrams of cannabinoids, other than tetrahydrocannabinol, for every 1 milligram of tetrahydrocannabinol.

Sec. 320.006. CONSUMABLE HEMP PRODUCT REGISTRATION. (a) A consumable hemp product may not be offered for sale in this state unless the manufacturer of the product, before selling the product:

(1) submits an application for the consumable hemp product to be registered with the commission that includes front and back pictures of the product; and

____.B. No. ____

(2) receives approval from the commission that the product is compliant with this chapter, registered, and approved for sale in this state.

(b) The commission shall issue a unique product registration number to each consumable hemp product approved by and registered with the commission.

(c) A manufacturer applying to register a consumable hemp product under this section shall pay an application fee to the commission in the amount of \$100 for each consumable hemp product the manufacturer seeks to register.

(d) The commission may not approve for sale or register a consumable hemp product that:

(1) contains any cannabinoid other than a hemp-derived cannabinoid;

(2) contains or is mixed with alcohol, tobacco, nicotine, kratom, kava, psychoactive mushrooms, or a derivative of any of those items; or

(3) is derived from hemp grown or harvested outside of the United States.

(e) The commission may adopt rules for the submission of and requirements for an application for registration under this section.

Sec. 320.007. REGISTERED PRODUCT WEBSITE. The commission

____.B. No. ____

shall maintain an updated product registration list on the commission's public Internet website, which must include front and back identifying pictures of each registered consumable hemp product for the purpose of confirming registration of the product and allowing verification of the product by law enforcement.

CHAPTER 321. NATURAL HEMP FLOWER REQUIREMENTS

Sec. 321.001. ADDITIVES PROHIBITED. A grower or manufacturer may not add any ingredient to natural hemp flower.

CHAPTER 322. PACKAGING, LABELING, AND ADVERTISING OF CONSUMABLE HEMP PRODUCTS

Sec. 322.001. LABELING REQUIREMENTS. (a) Before a consumable hemp product that contains or is marketed as containing more than trace amounts of cannabinoids may be distributed or sold, the product must be labeled in the manner provided by this section with the following information:

(1) the common name of the product, stated clearly, prominently, and truthfully;

(2) the product ingredients;

(3) any relevant major food allergens identified in the federal Food and Drug Act;

(4) the batch identification number;

(5) the batch date;

(6) the product name;

____.B. No. ____

(7) a uniform resource locator that provides or links to a certificate of analysis for the product;

(8) the name and commission license number of the product's manufacturer;

(9) a certification that the tetrahydrocannabinol content of the product complies with state law;

(10) the identity, concentration, and amount, including total and per serving, of each hemp-derived cannabinoid in the product; and

(11) if the product contains tetrahydrocannabinols, a tetrahydrocannabinol warning icon and statement adopted by the commission.

(b) Each consumable hemp product, including the container and package, if applicable, must be labeled with:

(1) a QR code that links to the commission's product registration list under Section 320.007, including the identifying pictures of the back and front of the product; and

(2) the following message placed adjacent to the required QR code on the label: "SCAN QR CODE BEFORE PURCHASE".

(c) The labeling required under this section must appear on each unit of the product intended for individual retail sale. If that unit includes inner and outer packaging, the labeling must appear on both the inner and outer package.

____.B. No. ____

(d) Packaging for a consumable hemp product must be tamper evident and child resistant.

Sec. 322.002. PACKAGING PROHIBITIONS. (a) A person may not 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 designed to be 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 designed to be attractive to minors;

(B) depicts an image of a human, animal, fruit, or cartoon or another image that is designed to be 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. No. ____

(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 not advertise or promote a consumable hemp product in a manner that:

(1) is designed to be targeted or attractive to minors;

(2) suggests the product is medicine or holds medicinal qualities; or

(3) could cause a reasonable person or minor to confuse the product for medicine, candy, snacks, or other food products that are widely distributed and generally available to the public.

(b) A person may not advertise or use signage that asserts consumable hemp products are safe because the products are:

(1) regulated by the state or the commission; or

(2) tested by the state, commission, another governmental entity, or a testing facility.

____.B. No. ____

(c) A person may not advertise a consumable hemp product using amplified sound from, or signs, pictures, or video on, a vehicle on a public street or highway.

Sec. 322.004. LICENSE HOLDER ADVERTISING RESTRICTIONS. (a)

A license holder may not:

(1) engage in advertising that is deceptive, false, or misleading;

(2) make any deceptive, false, or misleading assertions or statements on a product, sign, or document provided to a consumer;

(3) engage in marketing directed toward location-based devices, including cellular phones; or

(4) use unsolicited pop-up advertisements on an Internet website.

Sec. 322.005. PROHIBITED SPONSORSHIP OR ADVERTISEMENT AT CERTAIN EVENTS. A license holder may not sponsor, and a person may not advertise a consumable hemp product at, a charitable, sports, or similar event.

Sec. 322.006. LOCATION OF ADVERTISEMENTS. (a) In this section:

(1) "Homeless shelter" has the meaning assigned by Section 109.36.

(2) "Playground" and "school" have the meanings

____.B. No. ____

assigned by Section 481.134, Health and Safety Code.

(b) A person may not advertise a consumable hemp product or a consumable hemp product business on an outdoor sign that is within 1,000 feet of a school, church, playground, day-care center, child-care center, homeless shelter, or substance abuse treatment center.

(c) Subsection (b) does not apply to a license holder engaged in business unrelated to consumable hemp products if the advertisement does not promote a consumable hemp product or the license holder's involvement with a consumable hemp product.

Sec. 322.007. ADVERTISING; RULES. The commission shall adopt rules regarding the advertisement and promotion of consumable hemp products by license holders, including rules that restrict the advertisement or promotion of a consumable hemp product to minors to the full extent permitted by the United States Constitution and Texas Constitution.

SUBTITLE D. 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

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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 numbers of the manufacturer and hemp testing laboratory that performed the compliance testing for the product's batch; or

(3) has not been tested by a hemp testing laboratory in compliance with Chapter 443A, Health and Safety Code.

(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 limits established by Section 59.10 or 320.005.

Sec. 340.002. DECEPTIVE TRADE PRACTICE. (a) A person who sells, offers for sale, or distributes a consumable hemp product or hemp beverage commits a false, misleading, or deceptive act or practice actionable under Subchapter E, Chapter 17, Business & Commerce Code:

(1) if the person falsely claims the product or

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beverage has been processed or manufactured in compliance with
this title; or

(2) if the product or beverage:

(A) contains harmful ingredients;

(B) is not produced in compliance with 7 U.S.C.

Subchapter VII, Chapter 38;

(C) has a tetrahydrocannabinol content that
exceeds the applicable limits established by Section 59.10 or
320.005

(D) is packaged, marketed, or sold in a manner
that indicates it is for medical use;

(E) is natural hemp flower; or

(F) is sold to a minor.

SUBCHAPTER B. CRIMINAL OFFENSES

Sec. 340.101. OFFENSE: MANUFACTURE, DELIVERY, OR POSSESSION
WITH INTENT TO DELIVER CERTAIN CONSUMABLE HEMP PRODUCTS OR HEMP
BEVERAGES. (a) A person commits an offense if the person
knowingly manufactures, delivers, or possesses with intent to
deliver a consumable hemp product or hemp beverage that contains:

(1) synthetic or converted cannabinoids; or

(2) an amount of tetrahydrocannabinol that exceeds the
applicable limits established by Section 59.10 or 320.005.

(b) An offense under this section is a state jail felony.

____.B. No. ____

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

Sec. 340.102. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE HEMP PRODUCTS OR HEMP BEVERAGES. (a) A person commits an offense if the person intentionally or knowingly possesses a consumable hemp product or hemp beverage that contains:

(1) synthetic or converted cannabinoids; or

(2) an amount of tetrahydrocannabinol that exceeds the applicable limits established by Section 59.10 or 320.005.

(b) An offense under this section is a Class A misdemeanor.

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

Sec. 340.103. OFFENSE: SALE OR DELIVERY OF CONSUMABLE HEMP PRODUCTS OR HEMP BEVERAGES NEAR SCHOOL. (a) In this section, "premises," notwithstanding any other provision of this code, and "school" have the meanings assigned by Section 481.134, Health and Safety Code.

(b) A person commits an offense if the person sells or offers for sale a consumable hemp product or hemp beverage in, on, or within 1,000 feet of the premises of a school, church, public playground, day-care center, child-care center, homeless shelter,

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or substance abuse treatment center.

(c) An offense under this section is a state jail felony.

Sec. 340.104. OFFENSE: FALSE LABORATORY REPORT. (a) A person commits an offense if the person, with the intent to deceive, forges, falsifies, or alters the results of a laboratory test authorized or required by this title, Chapter 122, Agriculture Code, or Chapter 443A, Health and Safety Code.

(b) An offense under this section is a felony of the third degree.

Sec. 340.105. OFFENSE: POSSESSION OR SALE OF NATURAL HEMP FLOWER. (a) A person commits an offense if the person possesses, sells, or offers for sale natural hemp flower.

(b) An offense under this section is:

(1) a Class B misdemeanor if the amount of natural hemp flower possessed, sold, or offered for sale is two ounces or less;

(2) a Class A misdemeanor if the amount of natural hemp flower possessed, sold, or offered for sale is four ounces or less but more than two ounces;

(3) a state jail felony if the amount of natural hemp flower possessed, sold, or offered for sale is five pounds or less but more than four ounces;

(4) a felony of the third degree if the amount of natural hemp flower possessed, sold, or offered for sale is 50

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pounds or less but more than 5 pounds;

(5) a felony of the second degree if the amount of natural hemp flower possessed, sold, or offered for sale is 2,000 pounds or less but more than 50 pounds; and

(6) a felony of the first degree punishable by imprisonment in the Texas Department of Criminal Justice for life or for a term of not more than 99 years or less than 5 years, and a fine not to exceed \$50,000, if the amount of natural hemp flower possessed, sold, or offered for sale is more than 2,000 pounds.

(d) It is an exception to the application of Subsection (a) that the person holds a grower's, hemp brewer's, distributor's, or manufacturer's license during the course and scope of a business activity conducted pursuant to the applicable license.

(e) It is an exception to the application of Subsection (a) that the person is engaged in continuous transport of the natural hemp flower through the state and possesses a shipping invoice that clearly states the name and address of the origin and destination of the shipment.

Sec. 340.106. OFFENSE: SALE OF CERTAIN HEMP-DERIVED PRODUCTS. (a) A person commits an offense if the person knowingly sells or offers for sale consumable hemp product or hemp beverage that contains:

(1) synthetic or converted cannabinoids;

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(2) a cannabinoid other than a hemp-derived cannabinoid; or

(3) an amount of tetrahydrocannabinol that exceeds the applicable limits established by Section 59.10 or 320.005.

(b) An offense under this section is a state jail felony.

Sec. 340.107. POSSESSION OF HEMP BEVERAGE IN OPEN CONTAINER IN MOTOR VEHICLE. (a) In this section:

(1) "Open container" means a package, container, or other receptacle that contains any amount of hemp beverage and that is open, that has been opened, that has a broken seal, or the contents of which are partially removed.

(2) "Passenger area of a motor vehicle" means the area of a motor vehicle designed for the seating of the operator and passengers of the vehicle. The term does not include:

(A) a glove compartment or similar storage container that is locked;

(B) the trunk of a vehicle; or

(C) the area behind the last upright seat of the vehicle, if the vehicle does not have a trunk.

(3) "Public highway" means the entire width between and immediately adjacent to the boundary lines of any public road, street, highway, interstate, or other publicly maintained way if any part is open for public use for the purpose of motor vehicle

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travel. The term includes the right-of-way of a public highway.

(b) A person commits an offense if the person knowingly possesses an open container in a passenger area of a motor vehicle that is located on a public highway, regardless of whether the vehicle is being operated or is stopped or parked. Possession by a person of one or more open containers in a single criminal episode is a single offense.

(c) It is an exception to the application of Subsection (b) that at the time of the offense the defendant was a passenger in:

(1) the passenger area of a motor vehicle designed, maintained, or used primarily for the transportation of persons for compensation, including a bus, taxicab, or limousine; or

(2) the living quarters of a motorized house coach or motorized house trailer, including a self-contained camper, a motor home, or a recreational vehicle.

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

(e) A peace officer charging a person with an offense under this section, instead of taking the person before a magistrate, shall issue to the person a written citation and notice to appear that contains the time and place the person must appear before a magistrate, the name and address of the person charged, and the offense charged. If the person makes a written promise to appear before the magistrate by signing in duplicate the citation and

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notice to appear issued by the officer, the officer shall release the person.

SECTION 86. The heading to Section 17.463, Business & Commerce Code, is amended to read as follows:

Sec. 17.463. PRODUCTION, SALE, DISTRIBUTION, OR PROMOTION OF HEMP AND CERTAIN SYNTHETIC SUBSTANCES.

SECTION 87. Section 17.463(a), Business & Commerce Code, is amended to read as follows:

(a) This section applies only to an act described by Section 17.46(b)(31) and Section 340.002, Alcoholic Beverage Code.

SECTION 88. The heading to Chapter 501, Election Code, is amended to read as follows:

CHAPTER 501. LOCAL OPTION ELECTIONS ON SALE OF CONSUMABLE HEMP PRODUCTS, HEMP BEVERAGES, OR ALCOHOLIC BEVERAGES

SECTION 89. Section 501.001(1), Election Code, is amended to read as follows:

(1) "Alcoholic beverage," "commission," "consumable hemp product," "hemp beverage," "liquor," "malt beverage," "mixed beverage," and "wine and vinous liquor" have the meanings assigned by Section 1.04, Alcoholic Beverage Code.

SECTION 90. Section 501.021, Election Code, is amended to read as follows:

Sec. 501.021. ELECTION TO BE HELD BY PETITION. On proper

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petition by the required number of voters of a county, justice precinct, or municipality in the county, the commissioners court shall order a local option election in the political subdivision to determine whether the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents shall be prohibited or legalized in the political subdivision.

SECTION 91. Section 501.023(a), Election Code, is amended to read as follows:

(a) If 10 or more qualified voters of any county, justice precinct, or municipality file a written application and provide proof of publication of notice in a newspaper of general circulation in that political subdivision, the county clerk of the county shall issue to the applicants a petition to be circulated among the qualified voters of the political subdivision for the signatures of those qualified voters who desire that a local option election be called for the purpose of determining whether the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents shall be prohibited or legalized in the political subdivision. The notice must include:

(1) the individual or entity that is applying for the petition to gather signatures for a local option [~~liquor~~] election;

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(2) the type of local option [~~liquor~~] election;

(3) the name of the political subdivision in which the petition will be circulated; and

(4) the name and title of the person with whom the application will be filed.

SECTION 92. 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 93. 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

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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 94. 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 95. Sections 501.028(a) and (b), Election Code, are amended to read as follows:

____.B. No. ____

(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 96. 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 97. 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

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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,

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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."

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SECTION 98. 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 99. 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

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beverages, or alcoholic beverages of one or more of the various types and alcoholic contents in a municipality.

SECTION 100. Sections 501.151(b) and (c), Election Code, are amended to read as follows:

(b) In a prohibitory election, if a majority of the votes cast do not favor the issue "The legal sale. . .," the court's order must state that the sale of consumable hemp products, hemp beverages, or the type or types of beverages stated in the issue at the election is prohibited effective on the 30th day after the date the order is entered. The prohibition remains in effect until changed by a subsequent local option election held under this chapter.

(c) In a legalization election, if a majority of the votes cast favor the issue "The legal sale . . .," the legal sale of consumable hemp products, hemp beverages, or the type or types of beverages stated in the issue at the election is legal on the entering of the court's order. The legalization remains in effect until changed by a subsequent local option election held under this code.

SECTION 101. Section 501.154(a), Election Code, is amended to read as follows:

(a) A commissioners court order declaring the result of a local option election and prohibiting the sale of any or all types

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of consumable hemp products, hemp beverages, or alcoholic beverages must be published by posting the order at three public places in the county or other political subdivision in which the election was held.

SECTION 102. 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

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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 Department of State Health Services, a local registrar, a medical professional, or a funeral director[~~;~~ ~~or~~

~~[(6) an applicant for a license or a license holder under Subchapter C, Chapter 443, Health and Safety Code].~~

SECTION 103. Chapter 772, Government Code, is amended by adding Subchapter C to read as follows:

SUBCHAPTER C. TEXAS HEMP COUNCIL

Sec. 772.101. DEFINITIONS. In this chapter, "council" means the Texas Hemp Council.

Sec. 772.102. APPLICATION OF SUNSET ACT. The Texas Hemp Interagency Coordinating Council is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the council is abolished September 1, 2030.

Sec. 772.103. APPOINTMENT OF COUNCIL. The council consists

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of:

(1) the governor, or the governor's designee;

(2) the commissioner of agriculture, or the commissioner's designee;

(3) the executive director of the Department of State Health Services, or the executive director's designee;

(4) the executive director of the Texas Alcoholic Beverage Commissioner, or the executive director's designee;

(5) the executive director of the Texas Department of Public Safety, or the executive director's designee;

(6) the director of the Texas A&M AgriLife Extension Service, or the executive director's designee;

(7) a member of the public appointed by the governor, who serves at the pleasure of the governor.

Sec. 772.104. PRESIDING OFFICER. (a) The governor serves as the presiding officer of the council.

(b) The presiding officer may vote on all matters before the council.

Sec. 772.105. COMPENSATION; REIMBURSEMENT. (a) A council member may not receive compensation for service on the commission.

(b) A council member is entitled to reimbursement for actual and necessary expenses incurred in performing functions as a council member, subject to any applicable limitation on

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reimbursement provided by the General Appropriations Act.

Sec. 772.106. MEETINGS. (a) The commission shall meet at least once in each quarter of the fiscal year.

(b) The commission may meet at other times at the call of the presiding officer or as provided by council rules.

Sec. 772.107. WORKING GROUPS. The council may establish one or more working groups, composed of members of the council or other members appointed by the governor, as determined necessary by the council.

Sec. 772.108. RULEMAKING. (a) The council shall assist state agencies that regulate hemp in the development and adoption of rules to ensure consistency in the regulation of hemp and hemp-derived products.

(b) The council may issue recommendations to the agencies described by Subsection (a) regarding proposed or existing rules.

(c) Each agency described by Subsection (a) shall consult with the council in the rulemaking process to promote uniformity and avoid conflicting regulatory requirements.

Sec. 772.109. STUDY ON RETAIL SALES AND PURCHASE LIMITATIONS. (a) The council shall conduct a study regarding:

(1) mechanisms to limit the number of sales of consumable hemp products and hemp beverages a permit holder under Title 7, Alcoholic Beverage Code, may complete to an individual

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customer within a 24-hour period;

(2) mechanisms to limit the number of purchases of consumable hemp products and hemp beverages a person may complete within a 24-hour period, from one or more permit holders under Title 7, Alcoholic Beverage Code;

(3) methods for determining intoxication resulting from the use of consumable hemp products, hemp beverages, or other products containing tetrahydrocannabinols; and

(4) any other matter related to consumable hemp products, hemp beverages, or other products containing tetrahydrocannabinols the council determines is appropriate.

(b) The study must identify and consider:

(1) the feasibility and cost of real-time sales tracking systems to enforce transaction limits across permit holders;

(2) privacy and data security implications associated with monitoring consumer purchases;

(3) enforcement mechanisms, including administrative or criminal penalties for exceeding transaction limits; and

(4) the public health and safety benefits of implementing transaction limits on consumable hemp products and hemp beverages;

(5) the effectiveness and reliability of available testing methods for use by law enforcement to determine

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intoxication resulting from the consumption of products containing tetrahydrocannabinols; and

(6) the impact on public health and safety of varying levels of intoxication resulting from the consumption of products containing tetrahydrocannabinols.

(c) Not later than December 1, 2026, the council shall submit a report on the findings of the study to the governor, the lieutenant governor, the speaker of the house of representatives, and the standing committees of the legislature with jurisdiction over public health and criminal justice matters.

SECTION 104. Effective September 1, 2027, Section 431.011, Health and Safety Code, is amended to read as follows:

Sec. 431.011. APPLICABILITY OF CHAPTER TO CONSUMABLE HEMP PRODUCTS AND MANUFACTURERS. (a) This chapter applies to a consumable hemp product subject to Title 7, Alcoholic Beverage Code [~~Chapter 443~~]. An article regulated under this chapter may not be deemed to be adulterated solely on the basis that the article is a consumable hemp product.

(b) Except as provided by Subsection (c), this chapter applies to the conduct of a person who holds a license under Title 7, Alcoholic Beverage Code [~~Chapter 443~~].

(c) A person who holds a license under Title 7, Alcoholic Beverage Code, [~~Chapter 443~~] related to the processing of hemp or

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the manufacturing of a consumable hemp product regulated under that title [~~chapter~~] and is engaging in conduct within the scope of that license is not required to hold a license as a food manufacturer or food wholesaler under Subchapter J.

SECTION 105. Section 431.2211(a-3), Health and Safety Code, is amended to read as follows:

(a-3) A person is not required to hold a license under this subchapter if the person holds a license under Title 7, Alcoholic Beverage Code, [~~Chapter 443~~] and is engaging in conduct within the scope of that license.

SECTION 106. Title 6, Subtitle A, Health and Safety Code is amended by adding Chapter 443A to read as follows:

CHAPTER 443A. TESTING OF CONSUMABLE HEMP PRODUCTS

Sec. 443A.001. DEFINITIONS. In this chapter:

(1) "Consumable hemp product" has the meaning assigned by Section 1.04, Alcoholic Beverage Code.

(2) "Council" means the Texas Hemp Interagency Coordinating Council.

(3) "Department" means the Department of State Health Services.

(4) "Hemp beverage" has the meaning assigned by Section 1.04, Alcoholic Beverage Code.

Sec. 443A.002. LICENSING OF HEMP TESTING LABORATORIES. (a)

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A hemp testing laboratory must be licensed by the department.

(b) The department shall license one or more hemp testing laboratories in each public health region designated under Section 121.007.

(c) 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

(3) located in this state.

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

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

(2) posts a surety bond as required under this chapter;

and

(3) otherwise meets the requirements for eligibility for a hemp testing laboratory license in this state.

Sec. 443A.003. CONDUCT SURETY BOND. An applicant for or a holder of a hemp testing laboratory license shall file with the department a surety bond in the amount of \$10,000, conditioned on

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the applicant's or license holder's compliance with laws and regulations relating to hemp and the testing of hemp, consumable hemp products, and hemp beverages.

Sec. 443A.004. LICENSE NUMBER. (a) The department shall issue each licensed hemp testing laboratory a license number.

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

Sec. 443A.005. RESTRICTIONS ON LABORATORY OWNERSHIP OR INTEREST. (a) A licensed hemp manufacturer, distributor, brewer, or retailer may not be an owner or manager of a hemp testing laboratory.

(b) If a laboratory is publicly traded, a licensed hemp manufacturer, distributor, brewer, or retailer may not have more than a 1 percent ownership interest in the laboratory.

Sec. 443A.006. RULEMAKING. The department shall adopt rules addressing:

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

(2) an allowable variance rate for determining the amount or potency of tetrahydrocannabinols or other cannabinoids

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in natural hemp flower, hemp biomass, a consumable hemp product,
or a hemp beverage;

(3) the threshold for "trace amounts of
tetrahydrocannabinols," including individual or total
tetrahydrocannabinol content, considering current laboratory
testing standards and capabilities;

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

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

(6) any other subject the commission considers
necessary to implement this chapter.

Sec. 443A.007. TESTING REQUIRED. (a) Natural hemp flower,
hemp biomass, a consumable hemp product, or a hemp beverage must
be tested as provided by this section.

(b) Before natural hemp flower or hemp biomass is processed,
sold, or otherwise used in the manufacture of a consumable hemp
product or hemp beverage, a sample representing the flower or

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biomass must be tested, as required by the department, to determine:

(1) the presence and concentration of various cannabinoids;

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

(3) that the sample contains acceptable levels of the substances described by Subdivisions (1) and (2) as set by commission rule.

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

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

(1) the presence of harmful microorganisms; and

(2) the presence or quantity of:

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

____.B. No. ____

(B) any other substance prescribed by department rule.

(e) Before a consumable hemp product or hemp beverage is sold at retail or otherwise introduced into commerce in this state, a sample representing each batch of the product or beverage must be tested to determine that the product or beverage does not contain a substance described by Subsection (b) or (d) in a quantity prohibited for purposes of those subsections.

(f) Upon completion of a test required by Subsection (d) or (e), the results of the test must be provided to the department in the manner prescribed by rule.

Sec. 443A.008. PROVISION OF TEST RESULTS. (a) A person licensed under Chapter 122, Agriculture Code, shall provide to a license holder who is processing hemp harvested by the person or otherwise using that hemp to manufacture a consumable hemp product or hemp beverage the results of a test conducted under that chapter, if available, as proof that the delta-9 tetrahydrocannabinol concentration of the hemp does not exceed 0.3 percent.

(b) A license holder shall make available to a seller of a consumable hemp product or hemp beverage processed or manufactured by the license holder the results of testing required by Section 443A.007. The results may accompany a shipment to the seller or

____.B. No. ____

be made available to the seller electronically. If the results are not made available, the seller may have the testing required under Section 443A.007 performed on the product or beverage and shall make the results available to a consumer.

Sec. 443A.009. CERTIFICATE OF PRODUCT APPROVAL. (a) The department shall by rule develop a process by which the holder of a manufacturer's or brewer's license can apply for a certificate of product approval for a consumable hemp product or hemp beverage.

(b) Upon approving a consumable hemp product or hemp beverage for sale or introduction into commerce in this state, the department shall issue a certificate of product approval for the product or beverage and deliver an electronic copy to the applicant.

(c) The certificate of product approval issued for a consumable hemp product or hemp beverage under Subsection (b) must contain:

(1) the name and address of the applicant for the certificate of product approval;

(2) the trade name of the product and the product type;

(3) the name and license number for the hemp testing laboratory that tested the product or beverage;

(4) the amount of each detectable cannabinoid contained in the product or beverage; and

____.B. No. ____

(5) a certification that the contents of the product or beverage are in compliance with the applicable limit established by Section 59.10 or 320.005, as applicable.

SECTION 107. 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 1.04, 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 108. Subchapter A, Chapter 183, Tax Code, is amended by adding Section 183.002 to read as follows:

____.B. No. ____

Sec. 183.002. CERTAIN HEMP BEVERAGES. For purposes of this chapter and Section 151.308, a mixed beverage includes a hemp beverage as defined by Section 1.04, Alcoholic Beverage Code.

SECTION 109. Section 543.004(a), Transportation Code, is amended to read as follows:

(a) An officer shall issue a written notice to appear if:

(1) the offense charged is:

(A) speeding;

(B) the use of a wireless communication device under Section 545.4251; or

(C) a violation of an ~~[the]~~ open container law under~~[r]~~ Section 49.031, Penal Code, or Section 340.107, Alcoholic Beverage Code; and

(2) the person makes a written promise to appear in court as provided by Section 543.005.

SECTION 110. Section 545.420(e), Transportation Code, is amended to read as follows:

(e) An offense under Subsection (a) is a Class A misdemeanor if it is shown on the trial of the offense that:

(1) the person has previously been convicted one time of an offense under that subsection; or

(2) the person, at the time of the offense:

(A) was operating the vehicle while intoxicated,

____.B. No. ____

as defined by Section 49.01, Penal Code; or

(B) was in possession of an open container, as defined by Section 49.031, Penal Code, or Section 340.107, Alcoholic Beverage Code.

SECTION 111. The following are repealed effective January 1, 2026:

- (1) Chapter 443, Health and Safety Code;
- (2) Section 431.001(c);
- (3) Section 122.151(b), Agriculture Code; and
- (4) Section 122.152, Agriculture Code.

SECTION 112. As soon as practicable after the effective date of this Act, the Texas Department of Agriculture, the Texas Alcoholic Beverage Commission, and the Department of State Health Services shall adopt rules as required by this Act.

SECTION 113. (a) On January 1, 2026, the following are transferred from the Department of State Health Services to the Texas Alcoholic Beverage Commission:

(1) the powers, duties, and functions of the Department of State Health Services under Title 7, Alcoholic Beverage Code, as added by this Act; and

(2) all property and records in the custody of the Department of State Health Services that are related to a power, duty, or function transferred under this Act and all funds

____.B. No. ____

appropriated by the legislature for that power, duty, or function.

(b) A rule, form, policy, procedure, or decision of the Department of State Health Services related to a power, duty, or function transferred under this Act continues in effect as a rule, form, policy, procedure, or decision of the Texas Alcoholic Beverage Commission and remains in effect until amended or replaced by that agency. Notwithstanding any other law, beginning September 1, 2025, the Texas Alcoholic Beverage Commission may propose rules, forms, policies, and procedures related to a function to be transferred to the commission under this Act.

SECTION 114. Effective November January 1, 2026, a person holding a license, permit, or registration issued under Chapter 443, Health and Safety Code, may continue to operate under that license, permit, or registration until that license, permit, or registration expires. The Department of State Health Services may not renew a license, permit, or registration unless it complies with this Act.

SECTION 115. If some or all of the provisions of this Act are ever temporarily or permanently restrained or enjoined by judicial order, all other provisions of Texas law regulating or restricting hemp, consumable hemp products, and hemp beverages shall be enforced as though the restrained or enjoined provisions had not been adopted; provided, however, that whenever the

____.B. No. ____

temporary or permanent restraining order or injunction is stayed or dissolved, or otherwise ceases to have effect, the provisions shall have full force and effect.

SECTION 116. (a) This Act takes effect January 1, 2026.