

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 46
By: King et al. (Perry)
State Affairs
5/24/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 46 seeks to modernize the Texas Compassionate-Use Program by creating dispensing organization satellite locations to improve the transportation and overnight storage of prescriptions. Additionally, the bill allows DPS to grant additional dispensing licenses; currently there are three. The bill also provides clarity on proper dosage units and safeguards to ensure patients receive appropriate supplies of low-THC cannabis. H.B. 46 will also allow for the administration of low-THC cannabis through the use of pulmonary inhalation. This new delivery method will allow patients to utilize a rapid administration method if needed for their particular medical condition.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 46 amends current law relating to the medical use of low-THC cannabis under and the administration of the Texas Compassionate-Use Program and requires registration.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the public safety director of the Department of Public Safety in SECTION 5 (Section 487.1035, Health and Safety Code) and SECTION 6 (Section 487.104, Health and Safety Code) of this bill.

Rulemaking authority is expressly granted to the Department of Public Safety in SECTION 7 (Section 487.1045, Health and Safety Code) of this bill.

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 15 (Section 169.006, Occupations Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 487.001, Health and Safety Code, by adding Subdivision (5) to define "owner."

SECTION 2. Amends Section 487.053(a), Health and Safety Code, to require the Department of Public Safety of the State of Texas (DPS) to take certain actions, including registering owners of each dispensing organization, in addition to directors, managers, and employees of each dispensing organization.

SECTION 3. Amends Sections 487.101 and 487.102, Health and Safety Code, as follows:

Sec. 487.101. LICENSE REQUIRED. (a) Creates this subsection from existing text and makes no further changes.

(b) Provides that a dispensing organization licensed under this chapter is not required to apply for an additional license for the use of a satellite location for secure storage of low-THC cannabis if the address of the satellite location was included in the application or the dispensing organization obtains approval from DPS under Section 487.1035.

Sec. 487.102. ELIGIBILITY FOR LICENSE. Provides that an applicant for a license to operate as a dispensing organization is eligible for the license if the applicant meets certain requirements, including that each director owner, manager, or employee of the applicant is registered under Subchapter D (Registration of Certain Individuals).

SECTION 4. Amends Section 487.103(b), Health and Safety Code, to require that the applicant include certain information, including the name and address of each of the applicant's owners, in addition to directors, managers, and employees and the address of any satellite location that will be used by the applicant for secure storage of low-THC cannabis under Section 487.1035, and to make nonsubstantive changes.

SECTION 5. Amends Subchapter C, Chapter 487, Health and Safety Code, by adding Section 487.1035, as follows:

Sec. 487.1035. SATELLITE LOCATIONS. (a) Authorizes a dispensing organization licensed under this chapter to operate one or more satellite locations in addition to the organization's primary location to securely store low-THC cannabis for distribution.

(b) Requires that a satellite location be approved by DPS before a dispensing organization is authorized to operate the location. Authorizes a dispensing organization to apply for approval in the form and manner prescribed by DPS.

(c) Requires DPS to act on an application submitted under Subsection (b) not later than the 90th day after the date the application is submitted to DPS.

(d) Requires the public safety director of DPS (director) to adopt rules regarding the design and security requirements for satellite locations.

SECTION 6. Amends Section 487.104, Health and Safety Code, by adding Subsections (d), (e), (f), and (g), as follows:

(d) Requires DPS to issue nine licenses under this section to dispensing organizations in this state provided that DPS receives applications from a sufficient number of applicants meeting the requirements for eligibility under Subchapter C (License to Operate as Dispensing Organization).

(e) Requires DPS to issue initial licenses to dispensing organizations under this section based on a competitive evaluation of applicant qualifications relative to other applicants.

(f) Requires DPS to issue and renew licenses under this section in a manner that ensures adequate access to low-THC cannabis for patients registered in the compassionate-use registry in each public health region designated under Section 121.007.

(g) Requires the director to adopt rules to establish a timeline for reviewing and taking action on an application submitted under this section.

SECTION 7. Amends Subchapter C, Chapter 487, Health and Safety Code, by adding Sections 487.1045 and 487.1046, as follows:

Sec. 487.1045. REQUIREMENT OF LICENSE HOLDER TO BEGIN AND MAINTAIN OPERATIONS. (a) Requires an applicant issued a license to operate a dispensing organization to begin dispensing low-THC cannabis not later than 24 months after the date the license is issued and continue dispensing low-THC cannabis during the term of a license issued under this subchapter.

(b) Requires DPS to adopt rules to establish a minimum amount of dispensing activity in which a dispensing organization is required to engage to maintain a license under this chapter, monitor whether a dispensing organization is actively using a license issued under Subchapter C (License to Operate as Dispensing Organization) to dispense low-THC cannabis and the amount of dispensing

activity engaged in by the organization, and revoke the license of a dispensing organization that takes certain actions.

Sec. 487.1046. LOCATION (a) Prohibits a license holder from operating as a dispensing organization or establishing a satellite location within 1,000 feet of the premises of a school that exists on the date of the approval of the license holder's initial application for licensure as a dispensing organization or approval of a satellite location, as applicable.

(b) Defines "school" and "premises."

SECTION 8. Amends Section 487.105(a) and (b), Health and Safety Code, as follows:

(a) Requires an applicant for the issuance or renewal of a license to operate as a dispensing organization to provide DPS with the applicant's name and the name of each of the applicant's owners, in additions to directors, managers, and employees.

(b) Makes a conforming change to this subsection.

SECTION 9. Amends Section 487.107, Health and Safety Code, by adding Subsection (c), as follows:

(c) Prohibits a dispensing organization from dispensing to a person low-THC cannabis in a package or container that contains more than a total of one gram of tetrahydrocannabinols or medical device for pulmonary inhalation that contains more than one gram of tetrahydrocannabinols.

SECTION 10. Amends Subchapter C, Chapter 487, Health and Safety Code, by adding Section 487.1071, as follows:

Sec. 487.1071. CANNABINOIDS ELIGIBLE FOR DISPENSING. (a) Defines "phytocannabinoid."

(b) Prohibits a dispensing organization from dispensing a low-THC cannabis product that contains a cannabinoid that is not a phytocannabinoid.

SECTION 11. Amends Section 487.151(a), Health and Safety Code, to make conforming changes.

SECTION 12. Amends Section 487.201, Health and Safety Code, as follows:

Sec. 487.201. COUNTIES AND MUNICIPALITIES MAY NOT PROHIBIT LOW-THC CANNABIS. Prohibits a municipality, county, or other political subdivision from enacting, adopting, or enforcing a rule, ordinance, order, resolution, or other regulation that prohibits certain actions related to low-THC cannabis, as authorized by this chapter, including its storage.

SECTION 13. Amends Sections 169.001(3), (4), and (5), Occupations Code, to redefine "low-THC cannabis," "medical use," and "smoking."

SECTION 14. Amends Section 169.003, Occupations Code, as follows:

Sec. 169.003. PRESCRIPTION OF LOW-THC CANNABIS. (a) Creates this subsection from existing text. Authorizes a physician described by Section 169.002 (Physician Qualified to Prescribe Low-THC Cannabis to Patients With Certain Medical Conditions) to prescribe low-THC cannabis to a patient if certain criteria are met, including if the physician certifies to DPS that the patient is diagnosed with certain conditions, including a terminal illness or a condition for which a patient is receiving hospice care. Makes nonsubstantive changes.

(b) Provides that each prescription issued by a physician to a patient for low-THC cannabis is authorized only to provide for a 90-day supply of low-THC cannabis based on the dosage prescribed to the patient and is authorized to provide up to four refills of a 90-day supply of low-THC cannabis.

SECTION 15. Amends Chapter 169, Occupations Code, by adding Section 169.006, as follows:

Sec. 169.006. ADMINISTRATION OF LOW-THC CANNABIS BY PULMONARY INHALATION. (a) Authorizes a physician to prescribe pulmonary inhalation of an aerosol or vapor as a means of administration of low-THC cannabis if the physician determines that based on the patient's condition there is a medical necessity for that means of administration.

(b) Authorizes the executive commissioner of the Health and Human Services Commission (executive commissioner) to adopt rules related to medical devices for pulmonary inhalation of low-THC cannabis.

SECTION 16. Authorizes a licensed dispensing organization, notwithstanding Section 487.1046, Health and Safety Code, as added by this Act, on the effective date of this Act, that is operating in a location that is within 1,000 feet of the premises of a school to continue to operate in that location.

SECTION 17. Requires DPS, not later than April 1, 2026, to license at least nine dispensing organizations in accordance with Section 487.104, Health and Safety Code, as amended by this Act, including those already licensed and actively operating as of the effective date of this Act, provided at least nine applicants for a license to operate as a dispensing organization have met the requirements of approval provided by Subchapter C, Chapter 487, Health and Safety Code, as amended by this Act.

SECTION 18. Provides that, not later than October 1, 2025:

(1) DPS is required to adopt the rules necessary to implement Sections 487.1035 and 487.1045, Health and Safety Code, as added by this Act; and

(2) the executive commissioner is required to adopt the rules necessary to implement Section 169.006, Occupations Code, as added by this Act.

SECTION 19. Effective date: September 1, 2025.