

1-1 By: King, et al. (Senate Sponsor - Perry) H.B. No. 46
1-2 (In the Senate - Received from the House May 14, 2025;
1-3 May 14, 2025, read first time and referred to Committee on State
1-4 Affairs; May 26, 2025, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 26, 2025, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Hughes	X		
1-10	Paxton	X		
1-11	Bettencourt	X		
1-12	Birdwell		X	
1-13	Hall	X		
1-14	Hinojosa of Nueces	X		
1-15	Middleton	X		
1-16	Parker		X	
1-17	Perry	X		
1-18	Schwertner	X		
1-19	Zaffirini	X		

1-20 COMMITTEE SUBSTITUTE FOR H.B. No. 46 By: Perry

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to the medical use of low-THC cannabis under and the
1-24 administration of the Texas Compassionate-Use Program; requiring
1-25 registration.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 SECTION 1. Section 487.001, Health and Safety Code, is
1-28 amended by adding Subdivision (5) to read as follows:

1-29 (5) "Owner" means any individual who, directly or
1-30 indirectly, owns, actually or beneficially, any interest of a
1-31 dispensing organization.

1-32 SECTION 2. Section 487.053(a), Health and Safety Code, is
1-33 amended to read as follows:

1-34 (a) The department shall:

1-35 (1) issue or renew a license to operate as a dispensing
1-36 organization to each applicant who satisfies the requirements
1-37 established under this chapter; and

1-38 (2) register directors, owners, managers, and
1-39 employees of each dispensing organization.

1-40 SECTION 3. Sections 487.101 and 487.102, Health and Safety
1-41 Code, are amended to read as follows:

1-42 Sec. 487.101. LICENSE REQUIRED. (a) A license issued by the
1-43 department under this chapter is required to operate a dispensing
1-44 organization.

1-45 (b) A dispensing organization licensed under this chapter
1-46 is not required to apply for an additional license for the use of a
1-47 satellite location for secure storage of low-THC cannabis if:

1-48 (1) the address of the satellite location was included
1-49 in the application; or

1-50 (2) the dispensing organization obtains approval from
1-51 the department under Section 487.1035.

1-52 Sec. 487.102. ELIGIBILITY FOR LICENSE. An applicant for a
1-53 license to operate as a dispensing organization is eligible for the
1-54 license if:

1-55 (1) as determined by the department, the applicant
1-56 possesses:

1-57 (A) the technical and technological ability to
1-58 cultivate and produce low-THC cannabis;

1-59 (B) the ability to secure:

1-60 (i) the resources and personnel necessary

to operate as a dispensing organization; and
(ii) premises reasonably located to allow patients listed on the compassionate-use registry access to the organization through existing infrastructure;

(C) the ability to maintain accountability for the raw materials, the finished product, and any by-products used or produced in the cultivation or production of low-THC cannabis to prevent unlawful access to or unlawful diversion or possession of those materials, products, or by-products; and

(D) the financial ability to maintain operations for not less than two years from the date of application;

(2) each director, owner, manager, or employee of the applicant is registered under Subchapter D; and

(3) the applicant satisfies any additional criteria determined by the director to be necessary to safely implement this chapter.

SECTION 4. Section 487.103(b), Health and Safety Code, is amended to read as follows:

(b) The application must include:
(1) the name and address of the applicant;
(2) the name and address of each of the applicant's directors, owners, managers, and employees;

(3) 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

(4) any other information considered necessary by the department to determine the applicant's eligibility for the license.

SECTION 5. Subchapter C, Chapter 487, Health and Safety Code, is amended by adding Section 487.1035 to read as follows:

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

(b) A satellite location must be approved by the department before a dispensing organization may operate the location. A dispensing organization may apply for approval in the form and manner prescribed by the department.

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

(d) The director shall adopt rules regarding the design and security requirements for satellite locations.

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

(d) The department shall issue nine licenses under this section to dispensing organizations in this state provided that the department receives applications from a sufficient number of applicants meeting the requirements for approval under this subchapter.

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

(f) The department shall 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) The director shall adopt rules to establish a timeline for reviewing and taking action on an application submitted under this section.

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

Sec. 487.1045. REQUIREMENT OF LICENSE HOLDER TO BEGIN AND MAINTAIN OPERATIONS. (a) An applicant issued a license to operate a dispensing organization must 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) The department shall adopt rules to:

(1) establish a minimum amount of dispensing activity in which a dispensing organization must engage to maintain a license under this chapter;

(2) monitor whether a dispensing organization is actively using a license issued under this subchapter to dispense low-THC cannabis and the amount of dispensing activity engaged in by the organization; and

(3) revoke the license of a dispensing organization that:

(A) does not dispense low-THC cannabis within the time required by this section; or

(B) after the 24-month period following initial licensure, discontinues dispensing low-THC cannabis or fails to meet the minimum dispensing activity requirement under Subdivision (1) during the term of a license.

Sec. 487.1046. LOCATION. (a) A license holder may not operate as a dispensing organization or establish 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) In this section, "school" and "premises" have the meanings assigned by Section 481.134.

SECTION 8. Sections 487.105(a) and (b), Health and Safety Code, are amended to read as follows:

(a) An applicant for the issuance or renewal of a license to operate as a dispensing organization shall provide the department with the applicant's name and the name of each of the applicant's directors, owners, managers, and employees.

(b) Before a dispensing organization licensee hires a manager or employee for the organization, the licensee must provide the department with the name of the prospective manager or employee. The licensee may not transfer the license to another person before that prospective applicant and the applicant's directors, owners, managers, and employees pass a criminal history background check and are registered as required by Subchapter D.

SECTION 9. Section 487.107, Health and Safety Code, is amended by adding Subsection (c) to read as follows:

(c) A dispensing organization may not dispense to a person low-THC cannabis in a:

(1) package or container that contains more than a total of one gram of tetrahydrocannabinols; or

(2) medical device for pulmonary inhalation that contains more than one gram of tetrahydrocannabinols.

SECTION 10. Subchapter C, Chapter 487, Health and Safety Code, is amended by adding Section 487.1071 to read as follows:

Sec. 487.1071. CANNABINOIDS ELIGIBLE FOR DISPENSING. (a) In this section, "phytocannabinoid" means a chemical substance:

(1) created naturally by a plant of the species *Cannabis sativa* L. that is separated from the plant by a mechanical or chemical extraction process;

(2) created naturally by a plant of the species *Cannabis sativa* L. that binds to or interacts with the cannabinoid receptors of the endocannabinoid system; or

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

(b) A dispensing organization may not dispense a low-THC cannabis product that contains a cannabinoid that is not a phytocannabinoid.

SECTION 11. Section 487.151(a), Health and Safety Code, is amended to read as follows:

(a) An individual who is a director, owner, manager, or employee of a dispensing organization must apply for and obtain a registration under this section.

SECTION 12. Section 487.201, Health and Safety Code, is amended to read as follows:

4-1 Sec. 487.201. COUNTIES AND MUNICIPALITIES MAY NOT PROHIBIT
 4-2 LOW-THC CANNABIS. A municipality, county, or other political
 4-3 subdivision may not enact, adopt, or enforce a rule, ordinance,
 4-4 order, resolution, or other regulation that prohibits the
 4-5 cultivation, production, storage, dispensing, or possession of
 4-6 low-THC cannabis, as authorized by this chapter.

4-7 SECTION 13. Sections 169.001(3), (4), and (5), Occupations
 4-8 Code, are amended to read as follows:

4-9 (3) "Low-THC cannabis" means the plant *Cannabis sativa*
 4-10 L., and any part of that plant or any compound, manufacture, salt,
 4-11 derivative, mixture, preparation, resin, or oil of that plant that
 4-12 contains not more than 10 milligrams ~~[one percent by weight]~~ of
 4-13 tetrahydrocannabinols in each dosage unit.

4-14 (4) "Medical use" means the ingestion, absorption, or
 4-15 insertion by a means of administration other than by smoking of a
 4-16 prescribed amount of low-THC cannabis by a person for whom low-THC
 4-17 cannabis is prescribed under this chapter.

4-18 (5) "Smoking" means burning or igniting a substance
 4-19 and inhaling the smoke. The term does not include inhaling a
 4-20 medication or other substance that is otherwise aerosolized or
 4-21 vaporized for administration by pulmonary inhalation.

4-22 SECTION 14. Section 169.003, Occupations Code, is amended
 4-23 to read as follows:

4-24 Sec. 169.003. PRESCRIPTION OF LOW-THC CANNABIS. (a) A
 4-25 physician described by Section 169.002 may prescribe low-THC
 4-26 cannabis to a patient if:

4-27 (1) the patient is a permanent resident of the state;
 4-28 (2) the physician complies with the registration
 4-29 requirements of Section 169.004; and

4-30 (3) the physician certifies to the department that:
 4-31 (A) the patient is diagnosed with:
 4-32 (i) epilepsy;
 4-33 (ii) a seizure disorder;
 4-34 (iii) multiple sclerosis;
 4-35 (iv) spasticity;
 4-36 (v) amyotrophic lateral sclerosis;
 4-37 (vi) autism;
 4-38 (vii) cancer;
 4-39 (viii) an incurable neurodegenerative
 4-40 disease;

4-41 (ix) post-traumatic stress disorder; ~~[or]~~
 4-42 (x) a terminal illness or a condition for
 4-43 which a patient is receiving hospice care; or

4-44 (xi) a medical condition that is approved
 4-45 for a research program under Subchapter F, Chapter 487, Health and
 4-46 Safety Code, and for which the patient is receiving treatment under
 4-47 that program; and

4-48 (B) the physician determines the risk of the
 4-49 medical use of low-THC cannabis by the patient is reasonable in
 4-50 light of the potential benefit for the patient.

4-51 (b) Each prescription issued by a physician to a patient for
 4-52 low-THC cannabis:

4-53 (1) may only provide for a 90-day supply of low-THC
 4-54 cannabis based on the dosage prescribed to the patient; and

4-55 (2) may provide up to four refills of a 90-day supply
 4-56 of low-THC cannabis.

4-57 SECTION 15. Chapter 169, Occupations Code, is amended by
 4-58 adding Section 169.006 to read as follows:

4-59 Sec. 169.006. ADMINISTRATION OF LOW-THC CANNABIS BY
 4-60 PULMONARY INHALATION. (a) A physician may prescribe pulmonary
 4-61 inhalation of an aerosol or vapor as a means of administration of
 4-62 low-THC cannabis if the physician determines that based on the
 4-63 patient's condition there is a medical necessity for that means of
 4-64 administration.

4-65 (b) The executive commissioner of the Health and Human
 4-66 Services Commission shall adopt rules related to medical devices
 4-67 for pulmonary inhalation of low-THC cannabis.

4-68 SECTION 16. Notwithstanding Section 487.1046, Health and
 4-69 Safety Code, as added by this Act, a licensed dispensing

organization that, on the effective date of this Act, is operating in a location that is within 1,000 feet of the premises of a school may continue to operate in that location.

SECTION 17. Not later than April 1, 2026, the Department of Public Safety shall 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 for approval provided by Subchapter C, Chapter 487, Health and Safety Code, as amended by this Act.

SECTION 18. Not later than October 1, 2025:

(1) the Department of Public Safety shall 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 of the Health and Human Services Commission shall adopt the rules necessary to implement Section 169.006, Occupations Code, as added by this Act.

SECTION 19. This Act takes effect September 1, 2025.

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