

By: Perry, et al.  
(King)

S.B. No. 3

Substitute the following for S.B. No. 3:

By: King

C.S.S.B. No. 3

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. (a) Section 121.003(a), Agriculture Code, is amended to read as follows:

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

- (1) 7 U.S.C. Section 1639p;
- (2) Chapter 122; ~~and~~
- (3) Chapter 443, Health and Safety Code; and
- (4) Title 7, Alcoholic Beverage Code, as effective January 1, 2027.

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

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

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

(2) Chapter 122; and

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

SECTION 2. Effective January 1, 2027, Section 122.001(3), Agriculture Code, is amended to read as follows:

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

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

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

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

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

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

(b) A person is not required to hold a license under this subchapter to manufacture a consumable hemp product in accordance

with Subtitle A, Title 6, Health and Safety Code, and Title 7, Alcoholic Beverage Code.

SECTION 5. Section 122.151(a), Agriculture Code, is amended to read as follows:

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

- (1) the department;
- (2) an institution of higher education; or
- (3) an independent testing laboratory:
  - (A) registered under Section 122.152; and
  - (B) licensed under Chapter 302, Alcoholic Beverage Code.

SECTION 6. 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 7. Section 1.04, Alcoholic Beverage Code, is amended by adding Subdivisions (4-a), (32), (33), (34), (35), (36), and (37) to read as follows:

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

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

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

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

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

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

10                   (i) the concentration of cannabinoid  
11 analytes;

12                   (ii) data on the level of  
13 tetrahydrocannabinols; or

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

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

19                   (33) "Consumable hemp product" means a food, drug,  
20 device, or cosmetic, as those terms are defined by Section [431.002](#),  
21 Health and Safety Code, that contains hemp or one or more  
22 cannabinoids. The term does not include a topical product  
23 containing hemp, a hemp beverage, or natural hemp flower as that  
24 term is defined by Section 301.001.

25                   (34) "Hemp" has the meaning assigned by Section  
26 [121.001](#), Agriculture Code.

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

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

3                   (B) does not contain any amount of converted  
4 cannabinoids or synthetic cannabinoids as those terms are defined  
5 by Section 301.001;

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

9                   (D) contains 10 milligrams or less of delta-9  
10 tetrahydrocannabinol, except as provided by Section 59.10.

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

13                   (37) "Hemp testing laboratory" means a laboratory,  
14 including a laboratory at an institution of higher education, as  
15 defined by Section 61.003, Education Code, authorized by and  
16 licensed under Section 305.001 to test hemp, including natural hemp  
17 flower and hemp biomass as those terms are defined by Section  
18 301.001, hemp beverages, and consumable hemp products.

19                   SECTION 8. The heading to Section 5.05, Alcoholic Beverage  
20 Code, is amended to read as follows:

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

23                   SECTION 9. Sections 5.05(a) and (d), Alcoholic Beverage  
24 Code, are amended to read as follows:

25                   (a) A person may not be appointed to or serve on the  
26 commission, or hold an office under the commission, or be employed  
27 by the commission, if the person is employed by or has a financial

1 interest in an alcoholic beverage or consumable hemp product  
2 business. For purposes of this subsection, a person has a  
3 financial interest in an alcoholic beverage or consumable hemp  
4 product business if:

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

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

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

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

16 (d) A person may not be a member of the commission and may  
17 not be a commission employee employed in a "bona fide executive,  
18 administrative, or professional capacity," as that phrase is used  
19 for purposes of establishing an exemption to the overtime  
20 provisions of the federal Fair Labor Standards Act of 1938 (29  
21 U.S.C. Section 201 et seq.), if:

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

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

SECTION 10. Section 5.17, Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 11. Subchapter A, Chapter 5, Alcoholic Beverage Code, is amended by adding Section 5.22 to read as follows:

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

(b) If the commission establishes an advisory committee under this section, the advisory committee must include at least the following members appointed by the administrator:

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

(2) more than one representative of the Department of Public Safety;

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

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

(5) an attorney with expertise in cannabis regulation;

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

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

(8) a person licensed under Chapter 62 or 63 who also

1 holds a permit under Chapter 59; and

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

4 SECTION 12. Sections 5.31(a) and (b), Alcoholic Beverage  
5 Code, are amended to read as follows:

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

16 (b) The commission shall:

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

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

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

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

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

27 (6) promote and foster voluntary compliance with this



1 code; and

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

4 SECTION 13. Section 5.32, Alcoholic Beverage Code, is  
5 amended to read as follows:

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

11 SECTION 14. Section 5.35, Alcoholic Beverage Code, is  
12 amended to read as follows:

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

17 SECTION 15. Section 5.36, Alcoholic Beverage Code, is  
18 amended to read as follows:

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

SECTION 16. 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 17. The heading to Section 5.38, Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 18. Section 5.38, Alcoholic Beverage Code, is amended by adding Subsection (d) to read as follows:

(d) The commission may require a test of the contents of a hemp beverage or consumable hemp product manufactured or sold in this state for the same purposes provided for testing alcoholic beverages under Subsection (c). The commission may use a hemp testing lab licensed under Chapter 301 to conduct testing under this subsection.

SECTION 19. 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 20. Section 5.50(b-1), Alcoholic Beverage Code, is amended to read as follows:

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

1 product industry or impose an undue hardship on small businesses.

2 SECTION 21. Sections 5.57(a), (b), and (c), Alcoholic  
3 Beverage Code, are amended to read as follows:

4 (a) The commission shall develop a formal process for making  
5 policy decisions regarding marketing practices regulations and for  
6 communicating those decisions to agency staff and the alcoholic  
7 beverage and consumable hemp product industries [~~industry~~].

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

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

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

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

20 SECTION 22. Section 11.64(a), Alcoholic Beverage Code, is  
21 amended to read as follows:

22 (a) When the commission or administrator is authorized to  
23 suspend a permit or license under this code, the commission or  
24 administrator shall give the permittee or licensee the opportunity  
25 to pay a civil penalty rather than have the permit or license  
26 suspended, unless the basis for the suspension is a violation of  
27 Section 11.61(b)(14), 22.12, 28.11, 32.17(a)(2), 32.17(a)(3),

1 61.71(a)(5), 61.71(a)(6), 61.74(a)(14), 69.13, 71.09, 101.04,  
2 101.63, 104.01(a)(4), 106.03, 106.06, or 106.15, the sale or offer  
3 for sale of an alcoholic beverage during hours prohibited by  
4 Chapter 105, consumption or the permitting of consumption of an  
5 alcoholic beverage on the person's licensed or permitted premises  
6 during hours prohibited by Chapter 105 or Section 32.17(a)(7), a  
7 violation or offense related to a hemp beverage, or an offense  
8 relating to prostitution, trafficking of persons, gambling, or  
9 controlled substances or drugs, in which case the commission or  
10 administrator shall determine whether the permittee or licensee may  
11 have the opportunity to pay a civil penalty rather than have the  
12 permit or license suspended. The commission shall adopt rules  
13 addressing when suspension may be imposed pursuant to this section  
14 without the opportunity to pay a civil penalty. In adopting rules  
15 under this subsection, the commission shall consider the type of  
16 license or permit held, the type of violation, any aggravating or  
17 ameliorating circumstances concerning the violation, and any past  
18 violations of this code by the permittee or licensee. In cases in  
19 which a civil penalty is assessed, the commission or administrator  
20 shall determine the amount of the penalty. The amount of the civil  
21 penalty may not be less than \$150 or more than \$25,000 for each day  
22 the permit or license was to have been suspended. If the licensee  
23 or permittee does not pay the penalty before the sixth day after the  
24 commission or administrator notifies the licensee or permittee  
25 ~~[him]~~ of the amount, the commission or administrator shall impose  
26 the suspension.

27 SECTION 23. Sections 28.01(a) and (c), Alcoholic Beverage

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 hemp beverages, 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; and

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

SECTION 24. Section 28.1001, Alcoholic Beverage Code, is amended by adding Subsection (a-3) to read as follows:

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

SECTION 25. Section 32.155, Alcoholic Beverage Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) In addition to the requirements of Subsection (b) for an alcoholic beverage, a hemp beverage delivered to an ultimate

consumer located off-premises that is not in an original container sealed by the manufacturer must be in a tamper-proof container that is sealed by the permit holder and clearly labeled with the name of the private club registration permit holder and the letters "THC."

SECTION 26. Section 41.01, Alcoholic Beverage Code, is amended by adding Subsection (a-1) to read as follows:

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

SECTION 27. Subtitle A, Title 3, Alcoholic Beverage Code, is amended by adding Chapter 59 to read as follows:

CHAPTER 59. HEMP BEVERAGE PERMIT

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

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

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

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

Sec. 59.02. ELIGIBLE PERMIT AND LICENSE HOLDERS. A hemp

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

Sec. 59.04. FEES. The fee for the issuance of an original or renewal hemp beverage permit issued under this chapter is:

- (1) \$1,800 for the holder of a package store permit;
- (2) \$2,650 for the holder of a mixed beverage permit or private club registration permit;
- (3) \$1,100 for the holder of a carrier's permit;
- (4) \$10,000 for the holder of a consumer delivery permit;
- (5) \$5,000 for the holder of a brewer's license or nonresident brewer's license;
- (6) \$5,000 for the holder of a general distributor's license or branch distributor's license;



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

2           (8) \$500 for the holder of a hemp retailer's license.

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

5           (1) must not:

6                   (A) be attractive to children;

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

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

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

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

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

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

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

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

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

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

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

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

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

25          Sec. 59.08. ELECTRONIC VERIFICATION OF CONSUMER'S  
26 IDENTIFICATION. (a) A holder of a hemp beverage permit authorized  
27 to sell, serve, or deliver hemp beverages to an ultimate consumer,

1 including the holder of a consumer delivery permit, or the permit  
2 holder's agent, servant, or employee shall, before initiating the  
3 sale or delivery, verify that the purchaser or recipient of the  
4 delivery is 21 years of age or older.

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

7 (1) personally inspecting the provided proof of  
8 identification;

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

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

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

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

25 (d) A holder of a hemp beverage permit, or the permit  
26 holder's agent, servant, or employee may not sell or deliver a hemp  
27 beverage to a purchaser or recipient 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, serve, or deliver hemp beverages at retail; and

(2) the risks associated with the consumption of hemp 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. MULTI-SERVING HEMP BEVERAGE CONTAINER. (a) In this section, "multi-serving hemp beverage" means a beverage that meets all of the requirements of a hemp beverage, except that the beverage is contained in a bottle, keg, or other container that collectively contains more than 10 milligrams of delta-9 tetrahydrocannabinol.

(b) Subject to the restrictions in this section, a hemp beverage permit holder that also holds a brewer's license,

nonresident brewer's license, or brewpub license may produce multi-serving hemp beverages. The permit holder may:

(1) sell multi-serving hemp beverages 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 multi-serving hemp beverages 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 multi-serving hemp beverages from authorized brewers as provided in Subsection (b) and general and branch distributors that also hold a hemp beverage permit. The distributor may only sell multi-serving hemp beverages 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 sell multi-serving hemp beverages to ultimate consumers for off-premise consumption only and not for the purpose of resale.

(e) A hemp beverage permit holder that also holds a local distributor's permit may sell multi-serving hemp beverages 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) Multi-serving hemp beverages may only be sold to ultimate consumers by a hemp beverage permit holder that also holds a package store permit or off-premise hemp retailer's license.

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

(h) A multi-serving hemp beverage may only be sold or delivered to an ultimate consumer if the total tetrahydrocannabinol concentration is not higher than:

(1) 10 milligrams per ounce for container sizes less than or equal to 1.5 liters; or

(2) one milligram per ounce for container sizes greater than 1.5 liters for beverages marketed as a pre-mixed hemp cocktail.

(i) 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 multi-serving hemp beverages to serve, mix, or pour a hemp beverage for sale to an ultimate consumer.

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

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

1           (2) must clearly and conspicuously display the  
2 milligrams of delta-9 tetrahydrocannabinol in one ounce of the  
3 beverage.

4           SECTION 28. Section 61.02(a), Alcoholic Beverage Code, is  
5 amended to read as follows:

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

11          SECTION 29. Section 61.13(e), Alcoholic Beverage Code, is  
12 amended to read as follows:

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

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

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

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

25          SECTION 30. Section 61.31(b), Alcoholic Beverage Code, is  
26 amended to read as follows:

27          (b) On receipt of an application for a license under this

1 subtitle [~~code~~], the commission shall follow the procedure under  
2 Section 11.43.

3 SECTION 31. Section 61.314(b), Alcoholic Beverage Code, is  
4 amended to read as follows:

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

8 SECTION 32. Section 61.381(a), Alcoholic Beverage Code, is  
9 amended to read as follows:

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

17 SECTION 33. Section 61.421(b), Alcoholic Beverage Code, is  
18 amended to read as follows:

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



1 other violent act.

2 SECTION 34. Section 62.09, Alcoholic Beverage Code, is  
3 amended to read as follows:

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

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

15 SECTION 35. Section 64.01, Alcoholic Beverage Code, is  
16 amended by adding Subsection (c) to read as follows:

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

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

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

27 SECTION 36. Section 64.08(a), Alcoholic Beverage Code, is

1 amended to read as follows:

2 (a) The holder of a general distributor's license may sell  
3 malt beverages, not including hemp beverages, for use as an  
4 ingredient in the manufacturing and processing of food products.

5 SECTION 37. Section 64.09(a), Alcoholic Beverage Code, is  
6 amended to read as follows:

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

15 SECTION 38. Section 66.11(a), Alcoholic Beverage Code, is  
16 amended to read as follows:

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

25 SECTION 39. Chapter 74, Alcoholic Beverage Code, is amended  
26 by adding Section 74.10 to read as follows:

27 Sec. 74.10. SALES OF HEMP BEVERAGES TO RETAILERS AND

1 DISTRIBUTORS. (a) Notwithstanding any other provision of this  
2 chapter, a holder of a brewpub license who also holds a hemp  
3 beverage permit may manufacture hemp beverages.

4 (b) A holder of a brewpub license who also holds a hemp  
5 beverage permit and a mixed beverage permit may sell hemp beverages  
6 to ultimate consumers as provided under this section.

7 (c) A holder of a brewpub license who holds a hemp beverage  
8 permit but does not hold a mixed beverage permit may sell hemp  
9 beverages produced under the license to hemp retailers and general  
10 or branch distributors that also hold a hemp beverage permit in the  
11 same manner as the license holder may sell malt beverages under  
12 Sections 74.08 and 74.09.

13 SECTION 40. Section 101.02, Alcoholic Beverage Code, is  
14 amended to read as follows:

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

22 SECTION 41. Section 101.03(a), Alcoholic Beverage Code, is  
23 amended to read as follows:

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

27 (1) an illicit beverage or illicit consumable hemp

1 product;

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

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

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

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

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

19           SECTION 42. The heading to Section 101.31, Alcoholic  
20 Beverage Code, is amended to read as follows:

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

23           SECTION 43. Section 101.31, Alcoholic Beverage Code, is  
24 amended by adding Subsection (a-1) to read as follows:

25           (a-1) Except as otherwise provided in this code, no person  
26 in a dry area as to consumable hemp products may manufacture,  
27 process, sell, import, export, transport, distribute, store,

1 solicit or take orders for, or possess with intent to sell a  
2 consumable hemp product.

3 SECTION 44. Section 101.41, Alcoholic Beverage Code, is  
4 amended by amending Subsection (c) and adding Subsection (e) to  
5 read as follows:

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

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

10 (2) the alcohol content by volume.

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

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

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

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

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

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

24 SECTION 45. Section 101.66, Alcoholic Beverage Code, is  
25 amended to read as follows:

26 Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT  
27 PROHIBITED. (a) A person may not manufacture, sell, barter, or

1 exchange a beverage that contains more than one-half of one percent  
2 alcohol by volume and not more than five percent alcohol by volume,  
3 except malt beverages, wine coolers, and spirit coolers.

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

6 SECTION 46. Section 101.67, Alcoholic Beverage Code, is  
7 amended by amending Subsections (a), (d), (e), and (f) and adding  
8 Subsections (a-1) and (a-2) to read as follows:

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

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

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

24 (d) On registration of a certificate of label approval  
25 issued by the United States Alcohol and Tobacco Tax and Trade Bureau  
26 or a certificate of analysis issued by a hemp testing laboratory, as  
27 applicable, the commission shall approve the product under this

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

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

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

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

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

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

SECTION 47. 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 48. Subchapter D, Chapter 101, Alcoholic Beverage 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 sample representing a hemp beverage is tested and 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, including containers for multi-serving hemp beverages as that term is defined under Section 59.10, has a delta-9 tetrahydrocannabinol content that complies with the requirements of this code.

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

SECTION 49. 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,



1 the beverages and products themselves, and all property kept or  
2 used in the place, are a common nuisance. A person who maintains or  
3 assists in maintaining the nuisance commits an offense.

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

12 (1) that this code will not be violated;

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

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

19 SECTION 50. Section 101.71, Alcoholic Beverage Code, is  
20 amended to read as follows:

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

26 SECTION 51. Chapter 103, Alcoholic Beverage Code, is  
27 amended by adding Section 103.001 to read as follows:

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

4       SECTION 52. Chapter 106, Alcoholic Beverage Code, is  
5 amended by adding Section 106.011 to read as follows:

6       Sec. 106.011. CERTAIN PROVISIONS RELATED TO CONSUMABLE HEMP  
7 PRODUCTS. For the purposes of this chapter, the term "consumable  
8 hemp product" includes natural hemp flower, as that term is defined  
9 by Section 301.001, that is packaged for and sold at retail.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (b) It is an affirmative defense to prosecution under this  
27 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 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

1 employment if the minor is an employee of a licensee or permittee  
2 and the employment is not prohibited by this code;

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

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

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

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

12 (1) requested emergency medical assistance in  
13 response to the possible alcohol or consumable hemp product  
14 overdose of the minor or another person;

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

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

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

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

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

26 Sec. 106.06. PURCHASE OF ALCOHOL OR CONSUMABLE HEMP PRODUCT  
27 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

(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

1 participants were involved in the abuse of alcohol, including binge  
2 drinking or forcing or coercing individuals to consume alcohol or  
3 consumable hemp products, in addition to any other condition  
4 imposed by the judge:

5 (1) require the defendant to:

6 (A) perform community service for not less than  
7 20 or more than 40 hours; and

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

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

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

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

26 (a) A minor commits an offense if the minor [~~he~~] falsely  
27 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:

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



1 program. Community service ordered under this subsection is in  
2 addition to community service ordered under Section 106.071(d).

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

21 (c) The court shall require the defendant to present to the  
22 court, within 90 days of the date of final conviction, evidence in  
23 the form prescribed by the court that the defendant, as ordered by  
24 the court, has satisfactorily completed an alcohol awareness or  
25 substance misuse education program or performed the required hours  
26 of community service. For good cause the court may extend this  
27 period by not more than 90 days. If the defendant presents the

1 required evidence within the prescribed period, the court may  
2 reduce the assessed fine to an amount equal to no less than one-half  
3 of the amount of the initial fine.

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

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

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

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

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

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

27 (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, dispenses, or delivers 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 59.09.

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, dispensing, or delivery 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

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

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

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

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

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

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

1 household goods.

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

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

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

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

27 Sec. 109.03. PREREQUISITE TO SALABILITY. An alcoholic

1 beverage or consumable hemp product is salable under this  
2 subchapter only if it has not been adulterated, it is fit for human  
3 consumption, all tax stamps required by law have been affixed, and  
4 the labels are legible as to contents, brand, and manufacturer.

5 SECTION 74. Subchapter [A](#), Chapter [109](#), Alcoholic Beverage  
6 Code, is amended by adding Section 109.055 to read as follows:

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

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

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

22 (c) If the distributor or manufacturer does not exercise the  
23 right to purchase the consumable hemp products within 10 days after  
24 being given the opportunity to purchase, the insurer or insurance  
25 salvor may sell the products to any qualified consumable hemp  
26 product licensee in the same manner provided for the sale of  
27 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. 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. 202.002. "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           (1) the holder of a hemp manufacturer's license;  
2           (2) the holder of a hemp distributor's license;  
3           (3) a hemp retailer; or  
4           (4) an ultimate consumer in this state for consumption  
5 on or off the manufacturer's licensed premises.

6           Sec. 202.003. TAX ON CONSUMABLE HEMP PRODUCTS. A tax is  
7 imposed on the first sale of a consumable hemp product at the rate  
8 of two cents per 2.5 milligrams of delta-9 tetrahydrocannabinol  
9 contained in the consumable hemp product.

10          Sec. 202.004. PAYMENT OF TAX; DISCOUNTS. (a) The tax on a  
11 consumable hemp product, levied and computed under this chapter,  
12 shall be paid by a remittance payable to the comptroller and  
13 forwarded together with any required sworn statement or report of  
14 taxes due to the commission in Austin on or before the date it is  
15 due.

16          (b) A discount of two percent of the amount due shall be  
17 withheld by the licensee for keeping records, furnishing bonds, and  
18 properly accounting for the remittance of the tax due. No discount  
19 is permitted if the tax is delinquent at the time of payment.

20          Sec. 202.005. DUE DATE. The tax on a consumable hemp  
21 product is due and payable on the 15th of the month following the  
22 first sale, together with a report on the tax due.

23          Sec. 202.006. SUMMARY SUSPENSION. (a) The commission may  
24 summarily suspend, without a hearing, the license of a licensee who  
25 fails to file a report or return or to make a tax payment required by  
26 this chapter. Chapter 2001, Government Code, does not apply to the  
27 commission in the enforcement and administration of this section.



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

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

8       Sec. 202.007. EXEMPTION FROM TAX. (a) No tax may be  
9 collected on a consumable hemp product shipped out of state for  
10 consumption outside the state.

11       (b) The commission shall provide forms for claiming the  
12 exemption prescribed by this section.

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

15       Sec. 202.008. REFUND DUE ON DISPOSITION OUTSIDE OF STATE.  
16 The holder of any license authorizing the transportation of  
17 consumable hemp products out of this state may apply to the  
18 commission for a refund of the tax paid on a consumable hemp product  
19 on proper proof that the product was sold or disposed of outside of  
20 this state.

21       Sec. 202.009. EXCESS TAX. A licensee is entitled to a  
22 refund of or a tax credit on a future tax payment for any excess tax  
23 paid on a consumable hemp product through oversight, mistake,  
24 error, or miscalculation.

25       Sec. 202.010. TAX CREDITS AND REFUNDS. The commission  
26 shall provide by rule for the equitable and final disposition of tax  
27 refunds or credits when the tax on a consumable hemp product is

1 overpaid or paid by mistake. The commission shall prescribe the  
2 time and manner for filing claims for credits and refunds and  
3 provide appropriate forms.

4 Sec. 202.011. STATEMENTS. (a) The commission may require  
5 the manufacturer of a consumable hemp product processed or  
6 manufactured in this state or imported into this state to provide  
7 information as to purchases, sales, and shipments to enable the  
8 commission to collect the full amount of the tax due on the  
9 consumable hemp product. No licensee may fail or refuse to furnish  
10 the information.

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

16 Sec. 202.012. SALE OF UNTAXED CONSUMABLE HEMP PRODUCTS  
17 PROHIBITED. No person may sell, offer for sale, or store for the  
18 purpose of sale in this state any consumable hemp product on which  
19 the tax, if due, has not been paid.

20 Sec. 202.013. TAX ON UNSALABLE CONSUMABLE HEMP PRODUCTS.  
21 No tax under Section 202.003 may be imposed or collected on a  
22 consumable hemp product that for any reason has been found and  
23 declared to be unsalable by the commission or administrator. A hemp  
24 manufacturer or an out-of-state hemp manufacturer is entitled to a  
25 refund of any tax the manufacturer paid on an unsalable consumable  
26 hemp product.

27 Sec. 202.014. EVIDENCE IN SUIT. In a suit brought to

1 enforce the collection of tax owed by the holder of a license  
2 authorizing the sale of consumable hemp products in this state, a  
3 certificate by the commission or administrator showing the  
4 delinquency is prima facie evidence of:

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

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

9 Sec. 202.015. PENALTY. A person who violates any section of  
10 this chapter except Section 202.008 or 202.012 commits a  
11 misdemeanor which on conviction is punishable by a fine of more than  
12 \$100 but not more than \$1,000 or by imprisonment in the county jail  
13 for more than 30 days but not more than one year. A violation of  
14 Section 202.008 or 202.012 is punishable in accordance with Section  
15 1.05.

16 Sec. 202.016. CONSUMABLE HEMP PRODUCTS TAX DISTRIBUTION.

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

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

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

26 (3) one-fourth of the revenue to support opioid and  
27 narcotic response services by local law enforcement agencies.

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

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

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

9        (b) A tax is imposed on the first sale of a hemp beverage  
10 manufactured in this state or imported into this state at the rate  
11 of two cents per 2.5 milligrams of delta-9 tetrahydrocannabinol  
12 contained in the hemp beverage.

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

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

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

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

25                (3) one-fourth of the revenue to support opioid and  
26 narcotic response services by local law enforcement agencies.

27        (b) Chapter 205 of this code, Subchapter M, Chapter 151, Tax

1 Code, and Subchapter C, Chapter 183, Tax Code, do not apply to  
2 revenue to which this section applies.

3 SECTION 80. Section 251.71, Alcoholic Beverage Code, is  
4 amended by adding Subsections (a-1) and (f) and amending Subsection  
5 (d) to read as follows:

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

10 (d) In an information, complaint, or indictment, an  
11 allegation that an area is a dry area as to a particular type of  
12 alcoholic beverage, hemp beverage, or consumable hemp product is  
13 sufficient, but a different status of the area may be urged and  
14 proved as a defense.

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

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

22 Sec. 251.72. CHANGE OF STATUS. Except as provided in  
23 Sections 251.725, 251.726, 251.727, 251.73, and 251.80, an  
24 authorized voting unit that has exercised or may exercise the right  
25 of local option retains the status adopted, whether absolute  
26 prohibition or legalization of the sale of hemp beverages,  
27 consumable hemp products, or alcoholic beverages of one or more of

1 the various types and alcoholic contents on which an issue may be  
2 submitted under the terms of Section 501.035, Election Code, until  
3 that status is changed by a subsequent local option election in the  
4 same authorized voting unit.

5 SECTION 82. Section 251.73, Alcoholic Beverage Code, is  
6 amended to read as follows:

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

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

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

22 SECTION 83. Section 251.80(a-1), Alcoholic Beverage Code,  
23 is amended to read as follows:

24 (a-1) For purposes of a local option election, a newly  
25 created justice precinct shall be considered to have not held a  
26 local option election on the sale of hemp beverages, consumable  
27 hemp products, and alcoholic beverages. Any local option status

1 established in the territory comprising the new justice precinct  
2 that resulted from a local option election held in the territory  
3 when the territory was part of another justice precinct remains in  
4 effect until that status is changed by a local option election held  
5 in the new justice precinct.

6 SECTION 84. Subchapter D, Chapter 251, Alcoholic Beverage  
7 Code, is amended by adding Sections 251.83, 251.84, and 251.85 to  
8 read as follows:

9 Sec. 251.83. SALE OF HEMP BEVERAGES. (a) The sale of hemp  
10 beverages is authorized in each authorized voting unit in this  
11 state unless that status is changed by a local option election in  
12 the same authorized voting unit.

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

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

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

27 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 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 or deliver 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



1                   CHAPTER 301. GENERAL PROVISIONS

2           Sec. 301.001. DEFINITIONS. In this title:

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

7                   (2) "Converted cannabinoid" means a chemical  
8 substance purposely created by converting a phytocannabinoid into a  
9 different compound that is intended to mimic a phytocannabinoid or  
10 to interact with the endocannabinoid system, except for delta-9  
11 tetrahydrocannabinol. The term does not include a cannabinoid that  
12 is approved by the commission.

13                   (3) "Hemp biomass" means the unrefined and  
14 unadulterated plant matter including flowers, leaves, and other  
15 parts of the plant cannabis sativa L. with a total  
16 tetrahydrocannabinol concentration of less than 0.3 percent by dry  
17 weight.

18                   (4) "Manufacture" has the meaning assigned by Section  
19 [431.002](#), Health and Safety Code.

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

24                   (6) "Natural hemp flower" means unadulterated dried  
25 flower from the plant cannabis sativa L. with a total  
26 tetrahydrocannabinol concentration of less than 0.3 percent by dry  
27 weight.

1           (7) "Phytocannabinoid" means a chemical substance:

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

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

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

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

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

12                   (A) sold as a consumable hemp product;

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

15                   (C) incorporated into a consumable hemp product;  
16 or

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

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

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

The term does not include delta-9 tetrahydrocannabinol produced through the conversion of naturally occurring hemp-derived cannabidiol.

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

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

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

(c) This section expires January 1, 2027.

Sec. 301.003. 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) Except as provided by Section 431.011(c), Health and Safety Code, Chapter 431, Health and Safety Code, applies to a

license holder and a consumable hemp product regulated under this chapter.

Sec. 301.004. POSSESSION, TRANSPORTATION, AND SALE OF CONSUMABLE HEMP PRODUCTS. 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.

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

Sec. 301.006. 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 that prohibits the processing of hemp, or the manufacturing, distribution, or sale of a consumable hemp product as authorized by this title.

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

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

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

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

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

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

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

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

24       (c) This section expires May 28, 2027.

SUBTITLE B. TESTING

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

Sec. 305.001. LICENSING OF HEMP TESTING LABORATORIES. (a)

A hemp testing laboratory must be licensed by the commission under  
Subchapter A, Chapter 310.

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

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

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

(3) located in this state.

(c) Notwithstanding Subsection (b)(3), the commission 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;  
and

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

Sec. 305.002. LICENSE NUMBER. (a) The commission 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. 305.003. RESTRICTIONS ON LABORATORY OWNERSHIP OR

1 INTEREST. (a) A licensed hemp manufacturer, distributor, or  
2 retailer may not be an owner or manager of a hemp testing  
3 laboratory.

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

7 Sec. 305.004. RULEMAKING. The commission shall adopt rules  
8 addressing:

9 (1) acceptable testing practices, including testing  
10 standards, compliance with certified good manufacturing processes,  
11 quality control analyses, equipment certification and calibration,  
12 and chemical identification;

13 (2) an allowable variance rate for determining the  
14 amount or potency of tetrahydrocannabinols or other cannabinoids in  
15 natural hemp flower, hemp biomass, a consumable hemp product, or a  
16 hemp beverage;

17 (3) corrective measures, root cause analyses,  
18 quarantines of suspect batches, fair notice of unintentional or  
19 negligent violations, destruction of failed batches, documentation  
20 requirements, random hemp testing laboratory assurance checks, and  
21 data-driven quality assurance checks;

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

26 (5) any other subject the commission considers  
27 necessary to implement this chapter.

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

4       (b) Before natural hemp flower or hemp biomass is processed,  
5 sold, or otherwise used in the manufacture of a consumable hemp  
6 product or hemp beverage, a sample representing the flower or  
7 biomass must be tested, as required by the commission, to  
8 determine:

9           (1) the presence and concentration of various  
10 cannabinoids;

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

14           (3) that the sample contains acceptable levels of the  
15 substances described by Subdivisions (1) and (2) as set by  
16 commission rule.

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

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

26           (1) the presence of harmful microorganisms; and

27           (2) the presence or quantity of:



1                   (A) any residual solvents used in processing, if  
2 applicable; and

3                   (B) any other substance prescribed by commission  
4 rule.

5           (e) Before a consumable hemp product or hemp beverage is  
6 sold at retail or otherwise introduced into commerce in this state,  
7 a sample representing each batch of the product or beverage must be  
8 tested to determine that the product or beverage does not contain a  
9 substance described by Subsection (b) or (d) in a quantity  
10 prohibited for purposes of those subsections.

11           Sec. 305.006. PROVISION OF TEST RESULTS. (a) A person  
12 licensed under Chapter 122, Agriculture Code, shall provide to a  
13 license holder who is processing hemp harvested by the person or  
14 otherwise using that hemp to manufacture a consumable hemp product  
15 or hemp beverage the results of a test conducted under that chapter,  
16 if available, as proof that the total tetrahydrocannabinol  
17 concentration of the hemp does not exceed 0.3 percent.

18           (b) A license holder shall make available to a seller of a  
19 consumable hemp product or hemp beverage processed or manufactured  
20 by the license holder the results of testing required by Section  
21 305.005. The results may accompany a shipment to the seller or be  
22 made available to the seller electronically. If the results are not  
23 made available, the seller may have the testing required under  
24 Section 305.005 performed on the product or beverage and shall make  
25 the results available to a consumer.

26           Sec. 305.007. SALE OR INTRODUCTION INTO COMMERCE. (a)  
27 Natural hemp flower or hemp biomass that has a total

tetrahydrocannabinol concentration of more than 0.3 percent by dry weight, subject to the measure of uncertainty, may not be sold at retail or otherwise 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 the tetrahydrocannabinol content exceeds the applicable limit established by Section 1.04(35), 59.10, or 320.005.

SUBTITLE C. REGULATION

CHAPTER 310. LICENSING

SUBCHAPTER A. GENERAL PROVISIONS

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

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

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

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

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

8       (f) A license issued under this title is a purely personal  
9 privilege and is subject to revocation or suspension as provided by  
10 this title. A license issued under this title is not property, is  
11 not subject to execution, does not pass by descent or distribution,  
12 and expires on the death of the license holder.

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

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

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

25       (d) If after the evaluation of a license application the  
26 administrator finds a legal ground to deny the application, the  
27 administrator shall recommend to the commission that the

1 application be denied. If the administrator recommends denial of  
2 the application, the applicant may request a hearing be conducted  
3 under Subsection (e).

4 (e) A hearing under this section shall be conducted by the  
5 State Office of Administrative Hearings. Chapter 2001, Government  
6 Code, applies to a hearing under this section. After a hearing  
7 under this section, the administrative law judge shall make  
8 findings of fact and conclusions of law and promptly issue to the  
9 commission a proposal for a decision on the application. Based on  
10 the findings of fact, conclusions of law, and proposal for a  
11 decision, the commission shall issue a final decision denying the  
12 application or issuing the license.

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

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

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

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

27 (1) a legal description of each location where the

applicant intends to process hemp or manufacture consumable hemp products; and

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

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 products; and

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

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

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

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

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

1 from license fees collected under this title as necessary for the  
2 payment of those refunds.

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

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

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

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

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

27 (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 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 anniversary of the date on which it is issued.

(b) The commission by rule may require that the expiration

1 date for an individual license holder's license is the first  
2 anniversary of the date on which the license is issued due to the  
3 license holder's violation history.

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

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

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

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

23 Sec. 310.012. PRIVILEGES LIMITED TO LICENSED PREMISES.  
24 Except as otherwise provided by this title, a person licensed to  
25 sell consumable hemp products at retail may not use or display a  
26 license or exercise a privilege granted by the license except at the  
27 licensed premises.



1       Sec. 310.013. AGENT FOR SERVICE. Each licensed hemp  
2 manufacturer, out-of-state hemp manufacturer, and hemp  
3 distributor, or person shipping or delivering consumable hemp  
4 products into this state, shall file a certificate with the  
5 secretary of state designating the name, street address, and  
6 business of the person's agent on whom process may be served. If a  
7 certificate is not filed, service may be had on the secretary of  
8 state in any cause of action arising out of a violation of this  
9 code, and the secretary of state shall send any citation served on  
10 the secretary by registered mail, return receipt requested, to the  
11 person for whom the citation is intended. The receipt is prima  
12 facie evidence of service on the person.

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

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

26       Sec. 310.016. RESTRICTION ON CONSUMPTION. A license holder  
27 may not permit consumable hemp products to be consumed on the

1 licensed premises. This section does not apply to the holder of an  
2 on-premise hemp retailer's license.

3 Sec. 310.017. CONDUCT SURETY BOND. (a) Except as provided  
4 by Subsections (c) and (f), an applicant for or a holder of a  
5 license issued under this title shall file with the commission a  
6 surety bond in the amount of \$5,000, conditioned on the applicant's  
7 or license holder's compliance with laws relating to consumable  
8 hemp products and narcotics. This bond requirement is in addition  
9 to any other applicable bond requirement imposed by this code.

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

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

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

20 (2) that the license holder agrees that the amount of  
21 the bond shall be paid to the state if the license is revoked or on  
22 final adjudication that the license holder violated a provision of  
23 this code, regardless of whether the actions of an employee of the  
24 license holder are attributable to the license holder under Section  
25 106.141.

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

27 (1) form of a surety bond;

1           (2) qualifications for a surety;

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

4           (4) release or discharge of the bond.

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

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

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

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

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

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

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

25       (g) If a license holder is exempt from furnishing a conduct  
26 surety bond under Subsection (f), the license holder is exempt from  
27 furnishing the bond at another location where the license holder

1 applies for or holds a license.

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

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

8 (1) \$3,000 for a hemp manufacturer's license;

9 (2) \$5,000 for an out-of-state hemp manufacturer's  
10 license;

11 (3) \$1,500 for a hemp distributor's license;

12 (4) \$2,000 for an off-premise hemp retailer's license;

13 (5) \$4,000 for an on-premise hemp retailer's license;

14 (6) \$1,100 for a hemp carrier's license; and

15 (7) \$10,000 for a hemp consumer delivery license.

16 (c) All license fees shall be deposited as provided in a  
17 fund dedicated for the administration of hemp laws. Each license  
18 application must be accompanied by a cashier's check, a teller's  
19 check, a check drawn on the account of a corporation applying for a  
20 license or on the account of a corporation that is an agent for the  
21 person applying for a license, a money order, or payment by credit  
22 card, charge card, or other electronic form of payment approved by  
23 commission rule for the amount of the fee, payable to the order of  
24 the comptroller of public accounts.

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

27 (e) The executive commissioner may not refund a license fee

1 except when an application for a license is denied by the  
2 commission. The commission may appropriate as much of the proceeds  
3 from license fees as necessary for the payment of a refund under  
4 this subsection.

5 Sec. 310.019. MANDATORY GROUNDS FOR DENIAL. (a) In this  
6 section, "applicant" includes, as of the date of the application,  
7 each member of a partnership or association and, with respect to a  
8 corporation, each officer and the owner or owners of a majority of  
9 the corporate stock.

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

13 (1) the applicant is a minor;

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

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

21 (4) the applicant has developed an incapacity that  
22 prevents or could prevent the applicant from conducting the  
23 applicant's business with reasonable skill, competence, and safety  
24 to the public;

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

27 (6) the applicant was finally convicted of a felony

1 during the five years immediately preceding the filing of the  
2 applicant's application;

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

6 (8) as to a corporation, it is not incorporated under  
7 the laws of this state, or at least 51 percent of the corporate  
8 stock is not owned at all times by persons who individually are  
9 qualified to obtain a license;

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

13 (10) granting the license would result in subterfuge  
14 ownership of the license or the licensed premises in violation of  
15 Section 310.036.

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

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

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

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

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

6           (f) The commission shall deny an application for an original  
7 or renewal license if the commission has reasonable grounds to  
8 believe and finds that, during the three years immediately  
9 preceding the date the license application was filed, a license or  
10 permit previously held under this code by the applicant, a person  
11 who owns the premises for which the license is sought, or an officer  
12 of a person who owns the premises for which the license is sought  
13 was canceled or not renewed as a result of a shooting, stabbing, or  
14 other violent act.

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

26           Sec. 310.021. DISCRETIONARY GROUNDS FOR DENIAL. (a) In  
27 this section, "applicant" includes, as of the date of the

1 application, each member of a partnership or association and, with  
2 respect to a corporation, each officer and the owner or owners of a  
3 majority of the corporate stock.

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

6 (1) the applicant has been finally convicted in a  
7 court of competent jurisdiction for the violation of a provision of  
8 this code during the two years immediately preceding the filing of  
9 an application;

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

14 (3) the applicant has violated or caused to be  
15 violated a provision of this code or a rule adopted under this code  
16 during the 12-month period immediately preceding the filing of an  
17 application;

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

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

25 (6) the applicant or a person with whom the applicant  
26 is residentially domiciled had an interest in a license or permit  
27 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  
public decency, or in violation of this code.

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

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

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

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

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

(5) sold, served, or delivered with criminal

1 negligence a consumable hemp product or hemp beverage to a minor;

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

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

6 (8) possessed on the licensed premises, or on adjacent  
7 premises directly or indirectly under the license holder's control,  
8 a consumable hemp product not authorized to be sold on the licensed  
9 premises, or permitted an agent, servant, or employee to do so;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (26) was intoxicated on the premises;

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

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

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

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

23 or

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

27 (b) The grounds listed by Subsection (a) apply to each

1 member of a partnership or association and, as to a corporation, to  
2 the president, manager, and owner of the majority of the corporate  
3 stock.

4 (c) The commission or administrator without a hearing may  
5 for investigative purposes summarily suspend an off-premise hemp  
6 retailer's license or on-premise hemp retailer's license for not  
7 more than seven days if the commission or administrator finds that a  
8 shooting, stabbing, or murder has occurred on the licensed premises  
9 that is likely to result in a subsequent act of violence. Notice of  
10 the order suspending the license shall be given to the license  
11 holder personally within 24 hours of the time the violent act  
12 occurs. If the license holder cannot be located, notice shall be  
13 provided by posting a copy of the order on the front door of the  
14 licensed premises.

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

18 (1) the type of license held;  
19 (2) the type of violation;  
20 (3) any aggravating or ameliorating circumstances  
21 concerning the violation; and

22 (4) the license holder's previous violations.

23 Sec. 310.023. EMERGENCY ORDER SUSPENDING LICENSE. (a) If  
24 the commission or administrator determines that the continued  
25 operation of a business licensed under this title would constitute  
26 a continuing threat to the public welfare, the commission or  
27 administrator may issue an emergency order, without a hearing,

1 suspending the license for not more than 90 days.

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

4 (c) If an emergency order is issued without a hearing under  
5 this section, the commission or administrator shall set the time  
6 and place for a hearing to be conducted not later than the 10th day  
7 after the date the order was issued. A hearing under this section  
8 to affirm, modify, or set aside the emergency order shall be  
9 conducted by the State Office of Administrative Hearings. The  
10 order shall be affirmed if the administrative law judge determines  
11 that reasonable cause existed to issue the order.

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

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

19 Sec. 310.024. CANCELLATION FOR IMPROPER DISPLAY OR USE OF  
20 LICENSE. The commission or administrator shall cancel a license  
21 issued under this title if it is found, after notice and hearing,  
22 that the license holder was convicted of an offense under Section  
23 [101.76](#).

24 Sec. 310.025. CANCELLATION OF PERMIT OR LICENSE IN CERTAIN  
25 MUNICIPALITIES. (a) The commission or administrator may cancel a  
26 license issued under this title and the commission may deny an  
27 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 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.

1 (a) When the commission or administrator is authorized to suspend a  
2 license under this title, the commission or administrator, in its  
3 discretion, may give the license holder the opportunity to pay a  
4 civil penalty rather than have the license suspended.

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

8 (1) the type of license held;

9 (2) the type of violation;

10 (3) any aggravating or ameliorating circumstances  
11 concerning the violation; and

12 (4) any past violations of this code by the license  
13 holder.

14 (c) The commission or administrator shall determine the  
15 amount of the penalty, which may not be less than \$150 or more than  
16 \$25,000 for each day the license was to have been suspended.

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

21 (e) In the case of a violation of this code by a license  
22 holder, the commission or administrator may relax any provision of  
23 this title relating to the suspension or cancellation of the  
24 license and assess a sanction the commission or administrator finds  
25 just under the circumstances, and the commission or administrator  
26 may reinstate the license or permit at any time during the period of  
27 suspension on payment by the license holder of a fee of not less



1 than \$75 nor more than \$500, if the commission or administrator  
2 finds that any of the following circumstances exists:

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

5 (2) that the license holder was entrapped;

6 (3) that an agent, servant, or employee of the license  
7 holder violated this code without the knowledge of the license  
8 holder;

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

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

14 (6) that the violation was a technical one.

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

19 (1) the type of license held;

20 (2) the type of violation;

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

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

25 (5) if the commission or administrator determines the  
26 license holder has previously violated this code, whether the  
27 license holder profited from the violation, and if so the amount of

1 the license holder's profit.

2 (g) Any fees and civil penalties received by the commission  
3 or administrator under this section shall be deposited in the fund  
4 established under Section 202.016.

5 Sec. 310.028. CERTAIN ACTS ALSO VIOLATIONS OF CODE. Any act  
6 or omission which is a ground for cancellation or suspension of a  
7 license under this title is also a violation of this code,  
8 punishable as provided by Section 1.05, except that the penalty for  
9 making a false statement in an application for a license or in a  
10 statement, report, or other instrument to be filed with the  
11 commission is provided by Section 101.69 of this code.

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

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

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

25 Sec. 310.032. MAY NOT RESTRAIN SUSPENSION ORDER. A suit of  
26 any nature may not be maintained in a court of this state to  
27 restrain the commission or administrator or any other officer from

1 enforcing an order of suspension issued by the commission or  
2 administrator.

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

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

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

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

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

27 (b) The commission or administrator may suspend for not more

1 than 60 days or cancel a license issued under this title if it is  
2 found, after notice and hearing, that the license holder violated  
3 Subsection (a).

4 SUBCHAPTER B. MANUFACTURING

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

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

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

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

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

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

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

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

27 (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 purchaser;
- (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:

- (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

1 required for the holder of a hemp distributor's license under  
2 Section 310.204.

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

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

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

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

10 (B) private warehouse that is:

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

13 (ii) registered with the commission.

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

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

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

26 (j) The transportation or shipment of consumable hemp  
27 products across state lines into foreign jurisdictions must be done

1 in a manner that is consistent with federal law and the laws of  
2 those foreign jurisdictions.

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

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

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

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

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

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

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

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

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

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

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

- 6               (1) the licensed premises of a purchaser; and  
7               (2) ultimate consumers, as provided by Subsection  
8 (a)(4).

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

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

- 14               (1) the manufacturer's license number; and  
15               (2) a sequence to allow for inventory, traceability,  
16 and identification of the plant or extract batches used in the  
17 production of products.

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

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

27       (c) A manufacturer licensed under this subchapter



1 transporting a work in progress must provide with the work in  
2 progress the sending manufacturer's license number and the license  
3 number of the receiving manufacturer. Manufacturers must keep a  
4 log of any such shipments with the date, time, volume, and batch of  
5 the work in progress. The log entry must be signed by the  
6 individuals who authorized the shipment and accompanied the  
7 shipment.

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

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

15 (c) This data qualifies as a private record under Section  
16 [5.48](#).

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

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

subchapter.

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:

(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 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.

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

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

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

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

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

26               SUBCHAPTER D. RETAIL SALE OF HEMP

27       Sec. 310.301. GENERAL HEMP RETAILER PROVISIONS. (a)

Except as otherwise provided by this chapter, only a licensed hemp retailer may sell natural hemp flower or 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:

(1) may sell:

(A) natural hemp flower and consumable hemp products;

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

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

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

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

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

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

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

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

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

1 located in a city or town; or

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

5 Sec. 310.302. OFF-PREMISE HEMP RETAILER'S LICENSE. (a)  
6 The holder of an off-premise hemp retailer's license may:

7 (1) purchase finished consumable hemp products and  
8 natural hemp flower in this state from the holder of a hemp  
9 manufacturer's, out-of-state hemp manufacturer's, or hemp  
10 distributor's license;

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

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

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

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

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

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

7               (2) any other information the commission requires.

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

11               (1) described by Subsection (c);

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

14               (3) printed or painted with the retailer's discrete  
15 mark or brand and the retailer's license number as required for the  
16 holder of a hemp distributor's license under Section 310.203.

17       (e) A person may not hold or have an interest, directly or  
18 indirectly, in more than 25 hemp retailer stores or in their  
19 business or license.

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

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

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

27       (g) An off-premise hemp retailer's license may not be owned

1 or held by:

2 (1) a public corporation;

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

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

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

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

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

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

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

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



1 the premises of the retailer in any capacity. This subsection does  
2 not apply to a person who is at least 18 years of age and who is  
3 employed by the person's parent or legal guardian to work in the  
4 retailer that is owned by the parent or legal guardian.

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

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

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

18 (c) If an on-premise hemp retailer's license holder also  
19 obtains a hemp beverage permit, the license holder may serve, mix,  
20 and pour hemp beverages for on-premises consumption provided that  
21 the beverage provided to the consumer does not contain more than 10  
22 milligrams of delta-9 tetrahydrocannabinol.

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

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

1 retail; and

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

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

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

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

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

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

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

1 direct line across intersections.

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

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

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

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

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

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

27 (1) personally inspecting the provided proof of

1 identification;

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

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

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

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

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

23 Sec. 310.308. SELF-AUDITS. At least once every calendar  
24 quarter, a hemp retailer shall conduct a self-audit of inventory  
25 tracking and sales data and maintain the resulting data in the form  
26 required and for the duration required by the commission. The  
27 license holder shall provide the data to the commission on request.

1 This data qualifies as a private record under Section 5.48.

2 Sec. 310.309. AGE REQUIREMENTS. Except as provided by  
3 Section 310.302(k) or other law, a person under 21 years of age may  
4 not be permitted to enter a hemp retailer premises.

5 SUBCHAPTER E. HEMP CARRIER LICENSE

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

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

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

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

19 (2) the origin and destination of the shipment; and

20 (3) any other information required by this code or  
21 commission rule, including the brands of consumable hemp products,  
22 sizes of containers, types of consumable hemp products, and  
23 quantities of consumable hemp products contained in the shipment.

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

25 (1) a water carrier;

26 (2) an airline;

27 (3) a railway;

1           (4) a motor carrier registered under Chapter 643,  
2 Transportation Code; or

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

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

8           SUBCHAPTER F. HEMP CONSUMER DELIVERY LICENSE

9           Sec. 310.501. HEMP CONSUMER DELIVERY LICENSE. (a) The  
10 holder of a hemp consumer delivery license may contract with or  
11 employ a driver for the delivery of a consumable hemp product from  
12 the premises of the holder of a hemp manufacturer's license or hemp  
13 retailer to an ultimate consumer located in an area where the sale  
14 of the product is legal.

15           (b) In determining whether the sale of consumable hemp  
16 products is legal in an area for purposes of Subsection (a), a  
17 person who sells or delivers a consumable hemp product under that  
18 subsection may consult a map or other publicly available  
19 information produced by the commission for the purpose of  
20 establishing where the sale of consumable hemp products is legal.

21           (c) The holder of a hemp consumer delivery license may make  
22 deliveries of consumable hemp products:

23           (1) only in response to bona fide orders placed by the  
24 consumer under Subsection (a); and

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

27           (A) the county in which the premises of the

1 license holder making the sale is located;

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

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

8 (d) It is a defense to a prosecution alleging that an  
9 individual delivered a consumable hemp product under this chapter  
10 to an address located in an area that is dry for delivered  
11 consumable hemp products that:

12 (1) the individual or the holder of a hemp consumer  
13 delivery license relied on publicly available information produced  
14 by the commission relating to the wet or dry classification of the  
15 address; and

16 (2) the information indicated that the address to  
17 which the product was delivered was classified as wet for delivered  
18 consumable hemp products on the date of the delivery.

19 (e) A hemp consumer delivery license may be issued to a  
20 person who contracts with or employs individuals for the delivery  
21 of retail goods to consumers.

22 (f) A hemp consumer delivery license holder may not contract  
23 with or employ a person to make a delivery under this chapter unless  
24 the person:

25 (1) is 21 years of age or older; and

26 (2) holds a valid driver's license.

27 (g) A consumable hemp product may be delivered under this

section only to a person who is 21 years of age or older. The person making the delivery must verify that the purchaser or recipient is 21 years of age or older in the manner provided under Section 310.307.

(h) A consumable hemp product may not be delivered under this chapter to any person other than:

(1) the person who purchased the product; or

(2) a recipient designated in advance by the purchaser.

(i) A consumable hemp product may be delivered under this chapter outside the hours of operation of the license holder from which the delivery is being made only if the delivery driver:

(1) receives the product from the license holder during the license holder's hours of legal sale; and

(2) completes the delivery to the consumer in a reasonable amount of time after leaving the license holder's premises.

(j) A holder of a hemp manufacturer's license's or hemp retailer's responsibilities under this code regarding delivery of a consumable hemp product to an ultimate consumer are considered satisfied at the time the manufacturer or retailer transfers possession of the product to the hemp consumer delivery license holder or a delivery driver employed by, contracted with, or acting on behalf of the holder of a hemp consumer delivery license.

(k) An action by a hemp consumer delivery license holder or by a delivery driver is not attributable to the holder of a hemp manufacturer's license or hemp retailer with regard to:



1           (1) providing, selling, or serving consumable hemp  
2 products to a minor or to an intoxicated individual;

3           (2) the delivery of consumable hemp products in a dry  
4 or otherwise illegal area, unless the manufacturer or retailer has  
5 contractually agreed to retain responsibility for ensuring that  
6 deliveries are not directed to a dry or otherwise illegal area; or

7           (3) any other provision of this code.

8           (1) A hemp manufacturer or retailer:

9           (1) is not required to verify that the hemp consumer  
10 delivery license holder or the delivery driver has received  
11 delivery driver training under Subsection (p)(1); and

12           (2) may not be held responsible for any reason under  
13 statutory or common law for the actions of a hemp consumer delivery  
14 license holder or a delivery driver acting on behalf of a hemp  
15 consumer delivery license holder.

16           (m) The actions of a delivery driver acting on behalf of a  
17 holder of a hemp consumer delivery license are not attributable to a  
18 holder of a hemp consumer delivery license if the license holder has  
19 not directly or indirectly encouraged the delivery driver to  
20 violate the law and the delivery driver:

21           (1) has a valid certification from the training  
22 program adopted under Subsection (p)(1); or

23           (2) completed the delivery using a hemp delivery  
24 compliance software application that meets the requirements  
25 established under Subsection (p)(2).

26           (n) Notwithstanding Subsection (m), if it is found, after  
27 notice and hearing, that the holder of a hemp consumer delivery

license, an agent or employee of the license holder, or a person acting on behalf of the license holder delivered with criminal negligence a consumable hemp product to a minor or an intoxicated person, the commission or administrator may:

(1) suspend the license for not more than 90 days for the first violation;

(2) suspend the license for not more than six months for the second violation; and

(3) suspend the license for not more than 12 months for a third violation within a period of 36 consecutive months.

(o) For purposes of Subsection (n), it is a rebuttable presumption that a sale or delivery of a consumable hemp product to a minor or an intoxicated person was not made with criminal negligence if the delivery driver:

(1) at the time of the delivery held a valid certification from the training program adopted under Subsection (p)(1); and

(2) completed the delivery as a result of a technical malfunction of a hemp delivery compliance software application that otherwise meets the requirements established under Subsection (p)(2).

(p) The commission by rule shall:

(1) adopt and administer a hemp delivery training program for the purpose of training and certifying delivery drivers contracting with or employed by the holder of a hemp manufacturer's, retailer's, or consumer delivery license; and

(2) establish minimum requirements for hemp delivery

1 compliance software applications.

2 (g) The commission shall implement a system that allows the  
3 holder of a hemp manufacturer's, retailer's, or consumer delivery  
4 license to verify in real time whether a delivery driver has a valid  
5 certification from the training program adopted under Subsection  
6 (p)(1).

7 SUBTITLE D. CONSUMABLE HEMP PRODUCTS AND HEMP FLOWER

8 CHAPTER 320. CONSUMABLE HEMP PRODUCT REQUIREMENTS

9 Sec. 320.001. DOMESTIC SOURCING. All ingredients for a  
10 consumable hemp product must originate from within the United  
11 States unless the commission specifically approves an ingredient  
12 originating from another location.

13 Sec. 320.002. INGREDIENTS OF CONSUMABLE HEMP PRODUCT. (a)  
14 Each ingredient in a consumable hemp product must be organic and may  
15 not include genetically modified organisms unless the commission  
16 specifically approves the ingredient.

17 (b) An ingredient in a consumable hemp product may not  
18 include an artificial dye or other artificial product unless the  
19 commission specifically approves the ingredient.

20 Sec. 320.003. CONVERTED OR SYNTHETIC CANNABINOIDS  
21 PROHIBITED. A consumable hemp product may not contain any  
22 converted or synthetic cannabinoids.

23 Sec. 320.004. PROHIBITED FORMS OF CONSUMABLE HEMP PRODUCTS.  
24 (a) Except as provided by Subsection (b), a consumable hemp product  
25 may not resemble common snacks such as chips, candy, chewing gum, or  
26 other products attractive to minors.

27 (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. TOTAL TETRAHYDROCANNABINOL LIMIT FOR CONSUMABLE HEMP PRODUCTS. (a) A consumable hemp product that is 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 one-milliliter serving; or

(2) 75 milligrams of tetrahydrocannabinol in each container.

(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) 10 milligrams of tetrahydrocannabinol in each serving; or

(2) one gram of tetrahydrocannabinol in each container.

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

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

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

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

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

13                 (1) contains any converted or synthetic cannabinoids;  
14 or

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

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

21           Sec. 320.007. REGISTERED PRODUCT WEBSITE. The commission  
22 shall maintain an updated product registration list on the  
23 commission's public Internet website, which must include front and  
24 back identifying pictures of each registered consumable hemp  
25 product for the purpose of confirming registration of the product  
26 and allowing verification of the product by law enforcement.

1           CHAPTER 321. NATURAL HEMP FLOWER REQUIREMENTS

2           Sec. 321.001. TEXAS ORIGIN. Natural hemp flower  
3 distributed and sold in this state must be grown in this state.

4           Sec. 321.002. ADDITIVES PROHIBITED. A grower,  
5 manufacturer, distributor, or retailer of hemp may not add any  
6 ingredient to natural hemp flower.

7           Sec. 321.003. PACKAGING. A natural hemp flower must be  
8 sealed in a child resistant container that is labeled with:

9                 (1) the retail license number and hemp testing  
10 laboratory number; and

11                (2) a QR code that links to the certificate of analysis  
12 showing that the total tetrahydrocannabinol concentration is less  
13 than 0.3 percent by dry weight.

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

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

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

23                (2) the product ingredients;

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

26                (4) the batch identification number;

27                (5) the batch date;

1           (6) the product name;

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

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

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

8           (10) the identity and concentration of each  
9 hemp-derived cannabinoid in the product; and

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

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

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

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

19           (c) The labeling required under this section must appear on  
20 each unit of the product intended for individual retail sale. If  
21 that unit includes inner and outer packaging, the labeling may  
22 appear on any of that packaging.

23           (d) Packaging for a consumable hemp product that contains  
24 tetrahydrocannabinols must be tamper evident and child resistant.

25           Sec. 322.002. PACKAGING PROHIBITIONS. (a) A person may not  
26 market, advertise, sell, or cause to be sold a consumable hemp  
27 product that:

1           (1) is in the shape of a human, animal, fruit, or  
2 cartoon or in another shape that is attractive to minors; or

3           (2) is in packaging or a container that:

4                 (A) is in the shape of a human, animal, fruit, or  
5 cartoon or in another shape that is attractive to minors;

6                 (B) depicts an image of a human, animal, fruit,  
7 or cartoon or another image that is attractive to minors;

8                 (C) imitates or mimics trademarks or trade dress  
9 of products that are or have been primarily marketed to minors;

10                (D) includes a symbol that is primarily used to  
11 market products to minors;

12                (E) includes an unauthorized image of a  
13 celebrity; or

14                (F) includes an image that resembles a food  
15 product, including candy or juice.

16           (b) For purposes of this section, a cartoon includes a  
17 depiction of an object, person, animal, creature, or any similar  
18 caricature that:

19                (1) uses comically exaggerated features and  
20 attributes;

21                (2) assigns human characteristics to animals, plants,  
22 or other objects; or

23                (3) has unnatural or extra-human abilities, including  
24 imperviousness to pain or injury, x-ray vision, tunneling at very  
25 high speeds, and transformation.

26           Sec. 322.003. ADVERTISING RESTRICTIONS. (a) A person may  
27 not advertise or promote a consumable hemp product in a manner that



1 is targeted or attractive to minors or that could cause a reasonable  
2 person or minor to confuse the product for medicine, candy, snacks,  
3 or other food products that are widely distributed and familiar to  
4 the public.

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

7 (1) regulated by the state or the commission; or  
8 (2) tested by the state, commission, another  
9 governmental entity, or a testing facility.

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

13 Sec. 322.004. LICENSE HOLDER ADVERTISING RESTRICTIONS. (a)  
14 A license holder may not:

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

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

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

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

24 Sec. 322.005. PROHIBITED SPONSORSHIP OR ADVERTISEMENT AT  
25 CERTAIN EVENTS. A license holder may not sponsor, and a person may  
26 not advertise a consumable hemp product at, a charitable, sports,  
27 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 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 300 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 licenseholders, 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 E. ENFORCEMENT

CHAPTER 340. PROHIBITIONS AND OFFENSES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 340.001. PROHIBITIONS. (a) A person may not sell, offer for sale, possess, distribute, or transport a consumable hemp product or hemp beverage in this state that:

1           (1) contains any material extracted or derived from  
2 the plant cannabis sativa L., other than from hemp produced in  
3 compliance with 7 U.S.C. Subchapter VII, Chapter 38;

4           (2) is not labeled with the license numbers of the  
5 manufacturer and hemp testing laboratory that performed the  
6 compliance testing for the product's batch; or

7           (3) has not been tested by a hemp testing laboratory in  
8 compliance with Chapter 305.

9           (b) The commission and the Department of Public Safety shall  
10 establish a process for the random testing of consumable hemp  
11 products and hemp beverages at various retail and other  
12 establishments that sell, offer for sale, distribute, or use the  
13 products or beverages to ensure that the products or beverages:

14           (1) do not contain harmful ingredients;

15           (2) are produced in compliance with 7 U.S.C.  
16 Subchapter VII, Chapter 38; and

17           (3) have a tetrahydrocannabinol content in compliance  
18 with the applicable limit established by Section 1.04(35), 59.10,  
19 or 320.005.

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

25           (1) if the person falsely claims the product or  
26 beverage has been processed or manufactured in compliance with this  
27 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; or

(C) has a tetrahydrocannabinol content that exceeds the applicable limit established by Section 1.04(35), 59.10, or 320.005.

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 limit established by Section 1.04(35), 59.10, or 320.005.

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

(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 limit established by Section 1.04(35), 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, offers for sale, or delivers a consumable hemp product or hemp beverage in, on, or within 300 feet of the premises of a school.

(c) An offense under this section is a Class B misdemeanor.

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.

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

Sec. 340.105. OFFENSE: PURCHASE AND POSSESSION LIMITS OF NATURAL HEMP FLOWER. (a) A person who does not hold a license under this title commits an offense if the person:

(1) purchases more than one ounce of natural hemp flower in one day; or

(2) knowingly possesses more than one ounce of natural

1 hemp flower.

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

3 Sec. 340.106. OFFENSE: POSSESSION OF NATURAL HEMP FLOWER  
4 IN OPEN CONTAINER IN MOTOR VEHICLE. (a) In this section:

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

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

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

14 (B) the trunk of a vehicle; or

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

17 (3) "Public highway" means the entire width between  
18 and immediately adjacent to the boundary lines of any public road,  
19 street, highway, interstate, or other publicly maintained way if  
20 any part is open for public use for the purpose of motor vehicle  
21 travel. The term includes the right-of-way of a public highway.

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

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

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

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

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

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

19       SECTION 86. The heading to Chapter 501, Election Code, is  
20 amended to read as follows:

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

23       SECTION 87. Section 501.001(1), Election Code, is amended  
24 to read as follows:

25            (1) "Alcoholic beverage," "commission," "consumable  
26 hemp product," "hemp beverage," "liquor," "malt beverage," "mixed  
27 beverage," and "wine and vinous liquor" have the meanings assigned

1 by Section 1.04, Alcoholic Beverage Code.

2 SECTION 88. Section 501.021, Election Code, is amended to  
3 read as follows:

4 Sec. 501.021. ELECTION TO BE HELD BY PETITION. On proper  
5 petition by the required number of voters of a county, justice  
6 precinct, or municipality in the county, the commissioners court  
7 shall order a local option election in the political subdivision to  
8 determine whether the sale of consumable hemp products, hemp  
9 beverages, or alcoholic beverages of one or more of the various  
10 types and alcoholic contents shall be prohibited or legalized in  
11 the political subdivision.

12 SECTION 89. Section 501.023(a), Election Code, is amended  
13 to read as follows:

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

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



(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 90. 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 91. Sections 501.025(a) and (b), Election Code, are amended to read as follows:

(a) An application for a petition seeking an election to legalize the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed: "Application for Local Option Election Petition to Legalize."

(b) The application must contain a statement just ahead of the signatures of the applicants, as follows: "It is the hope,

1 purpose and intent of the applicants whose signatures appear hereon  
2 to see legalized the sale of consumable hemp products, hemp  
3 beverages, or alcoholic beverages, as applicable, referred to in  
4 the issue set out above."

5 SECTION 92. Sections 501.027(a) and (b), Election Code, are  
6 amended to read as follows:

7 (a) Each page of the petition for a local option election  
8 seeking to prohibit the sale of consumable hemp products, hemp  
9 beverages, or alcoholic beverages of one or more of the various  
10 types and alcoholic contents must be headed "Petition for Local  
11 Option Election to Prohibit."

12 (b) The petition must contain a statement just ahead of the  
13 signatures of the petitioners, as follows: "It is the hope, purpose  
14 and intent of the petitioners whose signatures appear hereon to see  
15 prohibited the sale of consumable hemp products, hemp beverages, or  
16 alcoholic beverages, as applicable, referred to in the issue set  
17 out above."

18 SECTION 93. Sections 501.028(a) and (b), Election Code, are  
19 amended to read as follows:

20 (a) Each page of the petition for a local option election  
21 seeking to legalize the sale of consumable hemp products, hemp  
22 beverages, or alcoholic beverages of one or more of the various  
23 types and alcoholic contents must be headed "Petition for Local  
24 Option Election to Legalize."

25 (b) The petition must contain a statement just ahead of the  
26 signatures of the petitioners, as follows: "It is the hope, purpose  
27 and intent of the petitioners whose signatures appear hereon to see

1 legalized the sale of consumable hemp products, hemp beverages, or  
2 alcoholic beverages, as applicable, referred to in the issue set  
3 out above."

4 SECTION 94. Section 501.034(a), Election Code, is amended  
5 to read as follows:

6 (a) The election order must state in its heading and text  
7 whether the local option election to be held is for the purpose of  
8 prohibiting or legalizing the sale of consumable hemp products,  
9 hemp beverages, or the alcoholic beverages set out in the issue  
10 recited in the application and petition.

11 SECTION 95. Sections 501.035(b) and (c), Election Code, are  
12 amended to read as follows:

13 (b) In an area where consumable hemp products, hemp  
14 beverages, or any type or classification of alcoholic beverages is  
15 prohibited and the issue submitted pertains to legalization of the  
16 sale of one or more of the prohibited types or classifications, the  
17 ballot shall be prepared to permit voting for or against the one of  
18 the following issues that applies:

19 (1) "The legal sale of malt beverages for off-premise  
20 consumption only."

21 (2) "The legal sale of malt beverages."

22 (3) "The legal sale of malt beverages and wine for  
23 off-premise consumption only."

24 (4) "The legal sale of malt beverages and wine."

25 (5) "The legal sale of all alcoholic beverages for  
26 off-premise consumption only."

27 (6) "The legal sale of all alcoholic beverages except

1 mixed beverages."

2 (7) "The legal sale of all alcoholic beverages  
3 including mixed beverages."

4 (8) "The legal sale of mixed beverages."

5 (9) "The legal sale of mixed beverages in restaurants  
6 by food and beverage certificate holders only."

7 (10) "The legal sale of wine on the premises of a  
8 holder of a winery permit."

9 (11) "The legal sale of consumable hemp products."

10 (12) "The legal sale of hemp beverages."

11 (c) In an area where the sale of consumable hemp products,  
12 hemp beverages, or any type or classification of alcoholic  
13 beverages has been legalized, the ballot for a prohibitory election  
14 shall be prepared to permit voting for or against the one of the  
15 following issues that applies:

16 (1) "The legal sale of malt beverages for off-premise  
17 consumption only."

18 (2) "The legal sale of malt beverages."

19 (3) "The legal sale of malt beverages and wine for  
20 off-premise consumption only."

21 (4) "The legal sale of malt beverages and wine."

22 (5) "The legal sale of all alcoholic beverages for  
23 off-premise consumption only."

24 (6) "The legal sale of all alcoholic beverages except  
25 mixed beverages."

26 (7) "The legal sale of all alcoholic beverages  
27 including mixed beverages."

(8) "The legal sale of mixed beverages."

(9) "The legal sale of mixed beverages in restaurants by food and beverage certificate holders only."

(10) "The legal sale of wine on the premises of a holder of a winery permit."

(11) "The legal sale of consumable hemp products."

(12) "The legal sale of hemp beverages."

SECTION 96. 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 97. Section 501.109(a), Election Code, is amended

1 to read as follows:

2 (a) This section applies only to an election to permit or  
3 prohibit the legal sale of consumable hemp products, hemp  
4 beverages, or alcoholic beverages of one or more of the various  
5 types and alcoholic contents in a municipality.

6 SECTION 98. Sections 501.151(b) and (c), Election Code, are  
7 amended to read as follows:

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

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

23 SECTION 99. Section 501.154(a), Election Code, is amended  
24 to read as follows:

25 (a) A commissioners court order declaring the result of a  
26 local option election and prohibiting the sale of any or all types  
27 of consumable hemp products, hemp beverages, or alcoholic beverages

1 must be published by posting the order at three public places in the  
2 county or other political subdivision in which the election was  
3 held.

4 SECTION 100. Section 411.110(a), Government Code, is  
5 amended to read as follows:

6 (a) The Department of State Health Services and the Health  
7 and Human Services Commission are entitled to obtain criminal  
8 history record information as provided by Subsection (a-1) that  
9 relates to a person who is:

10 (1) an applicant for a license or certificate under  
11 Chapter 773, Health and Safety Code, an owner or manager of an  
12 applicant for an emergency medical services provider license under  
13 that chapter, or the holder of a license or certificate under that  
14 chapter;

15 (2) an applicant for a license or a license holder  
16 under Subchapter I, L, or N, Chapter 431, Health and Safety Code;

17 (3) an applicant for employment at or current employee  
18 of:

19 (A) a public health hospital as defined by  
20 Section 13.033, Health and Safety Code; or

21 (B) the South Texas Health Care System;

22 (4) an applicant for employment at, current employee  
23 of, or person who contracts or may contract to provide goods or  
24 services with the Council on Sex Offender Treatment or other  
25 division or component of the Health and Human Services Commission  
26 that monitors sexually violent predators as described by Section  
27 841.003(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 101. 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 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 102. 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 103. 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 104. Subchapter A, Chapter 183, Tax Code, is amended by adding Section 183.002 to read as follows:

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 105. 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[7] Section 49.031, Penal Code, or Section 340.106, Alcoholic Beverage Code; and

(2) the person makes a written promise to appear in court as provided by Section 543.005.

SECTION 106. 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, 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 340.106, Alcoholic Beverage Code.

SECTION 107. Chapter 443, Health and Safety Code, is repealed effective January 1, 2027.

SECTION 108. As soon as practicable after the effective date of this Act, the Texas Alcoholic Beverage Commission and the

1 Department of State Health Services shall adopt rules as required  
2 by this Act.

3 SECTION 109. (a) On January 1, 2027, the following are  
4 transferred from the Department of State Health Services to the  
5 Texas Alcoholic Beverage Commission:

6 (1) the powers, duties, and functions of the  
7 Department of State Health Services under Title 7, Alcoholic  
8 Beverage Code, as added by this Act; and

9 (2) all property and records in the custody of the  
10 Department of State Health Services that are related to a power,  
11 duty, or function transferred under this Act and all funds  
12 appropriated by the legislature for that power, duty, or function.

13 (b) A rule, form, policy, procedure, or decision of the  
14 Department of State Health Services related to a power, duty, or  
15 function transferred under this Act continues in effect as a rule,  
16 form, policy, procedure, or decision of the Texas Alcoholic  
17 Beverage Commission and remains in effect until amended or replaced  
18 by that agency. Notwithstanding any other law, beginning September  
19 1, 2025, the Texas Alcoholic Beverage Commission may propose rules,  
20 forms, policies, and procedures related to a function to be  
21 transferred to the commission under this Act.

22 SECTION 110. Effective September 1, 2025, a person holding  
23 a license, permit, or registration issued under Chapter 443, Health  
24 and Safety Code, may continue to operate under that license,  
25 permit, or registration until that license, permit, or registration  
26 expires. The Department of State Health Services may not renew a  
27 license, permit, or registration unless it complies with this Act.

1       SECTION 111. (a) Except as otherwise provided by this  
2 section, this Act takes effect January 1, 2027.

3       (b) Sections 3, 45, 52 through 68, and 76 of this Act take  
4 effect September 1, 2025.

5       (c) The following provisions, as added by this Act, take  
6 effect September 1, 2025:

7               (1) Sections 301.001 and 301.002, Alcoholic Beverage  
8 Code;

9               (2) Chapters 305, 321, and 340, Alcoholic Beverage  
10 Code; and

11              (3) Sections 320.001, 320.002, 320.003, 320.004, and  
12 320.005, Alcoholic Beverage Code.