

By: \_\_\_\_\_ .B. No. \_\_\_\_\_

Substitute the following for .B. No. \_\_\_\_\_:

By: \_\_\_\_\_ C.S..B. No. \_\_\_\_\_

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of consumable hemp products and hemp beverages and providing for the transfer of regulatory functions; requiring a registration; imposing fees; creating criminal offenses; providing an administrative penalty; imposing a tax.

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

SECTION 1. Section 1.04, Alcoholic Beverage Code, is amended by adding Subdivisions (32) through (37) to read as follows:

(32) "Certificate of analysis" (COA) means an official document a hemp testing lab releases to document the testing results of a particular sample which contains concentrations of cannabinoid analytes, data on levels of tetrahydrocannabinols, or other measures as established by department or commission rule, as provided by Section 305.003, and states whether the sample passed or failed any limits of content analysis established by department or commission rule.

(33) "Consumable hemp products" means a food, a drug, a device, or a cosmetic, as those terms are defined by Section 431.002, Health & Safety Code, that contains hemp or one or more cannabinoids. This term does not include topical hemp products or hemp beverages as defined in Section 1.04(32).

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

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

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

4                   (B) does not contain any amount of converted or  
5 synthetic cannabinoids as defined in 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;

9                   (D) contains 10 milligrams or less of delta-9  
10 tetrahydrocannabinol, except as provided in Section 59.11.

11           (36) "Hemp retailer" means a retail store for the sale  
12 of hemp products to the ultimate consumer that does not sell  
13 gasoline, tobacco or nicotine products, or alcoholic beverages.

14           (37) "Hemp testing lab" means a lab, including at an  
15 institution of higher education, authorized by and licensed under  
16 this Title to test hemp, hemp beverages, and consumable hemp  
17 products.

18           SECTION 2. Section 5.05, Alcoholic Beverage Code, is  
19 amended to read as follows:

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

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

1 hemp product business if:

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

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

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

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

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

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

23 SECTION 3. Section 5.17, Alcoholic Beverage Code, is  
24 amended to read as follows:

25 Sec. 5.17. SUITS AGAINST THE COMMISSION: VENUE. In all  
26 suits against the commission, except appeals governed by Section  
27 11.67, 32.18, or 310.027 ~~32.18~~ of this code, venue is in Travis

1 County.

2 SECTION 4. Section 5.31, Alcoholic Beverage Code, is  
3 amended to read as follows:

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

14 (b) The commission shall:

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

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

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

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

26 SECTION 6. Section 5.36, Alcoholic Beverage Code, is  
27 amended by adding Subsection (d) to read as follows:

1           Sec. 5.36. INVESTIGATION OF VIOLATIONS. (a) The commission  
2 shall investigate violations of this code and of other laws  
3 relating to alcoholic beverages and consumable hemp products, and  
4 shall cooperate in the prosecution of offenders before any court of  
5 competent jurisdiction. The commission may seize alcoholic  
6 beverages and consumable hemp products manufactured, sold, kept,  
7 imported, or transported in violation of this code and apply for the  
8 confiscation of the beverages or products if required to do so by  
9 this code.

10           SECTION 7. Section 5.362(b) and (d), Alcoholic Beverage  
11 Code, is amended to read as follows:

12           (b) For each violation for which a license or permit may be  
13 suspended, the schedule of sanctions must include the number of  
14 days a permit or license would be suspended and the corresponding  
15 civil penalty under Section 11.64 or Section 310.023.

16           (d) The schedule must:

17               (1) allow deviations from the schedule for clearly  
18 established mitigating circumstances, including circumstances  
19 listed in Section 11.64(c) and Section 310.023(b), or aggravating  
20 circumstances; and

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

25           SECTION 8. Section 5.38, Alcoholic Beverage Code, is  
26 amended by adding Subsection (d) to read as follows:

27           (d) The commission may test the contents of any hemp

1 beverage or consumable hemp product manufactured or sold in this  
2 state for the purposes provided for testing alcoholic beverages  
3 under Subsection (c). The commission may utilize a hemp testing lab  
4 licensed under Chapter 301 to conduct testing under this  
5 subsection.

6 SECTION 9. Section 5.48(a), Alcoholic Beverage Code, is  
7 amended to read as follows:

8 (a) "Private records," as used in this section, means all  
9 records of a permittee, licensee, or other person other than the  
10 name, proposed location, and type of permit or license sought in an  
11 application for an original or renewal permit or license, or in a  
12 periodic report relating to the importation, distribution, or sale  
13 of alcoholic beverages or consumable hemp products required by the  
14 commission to be regularly filed by a permittee or licensee.

15 SECTION 10. Section 5.57, Alcoholic Beverage Code, is  
16 amended to read as follows:

17 (a) The commission shall develop a formal process for making  
18 policy decisions regarding marketing practices regulations and for  
19 communicating those decisions to agency staff and the alcoholic  
20 beverage and consumable hemp product industries ~~industry~~.

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

25 (c) The commission shall make a reasonable attempt to meet  
26 with ~~alcoholic beverage industry~~ representatives from the  
27 alcoholic beverage and consumable hemp product industries,

1 including representatives from:

2 (1) the manufacturing, distribution, and retail tiers  
3 of the industries industry; and

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

6 SECTION 11. Section 101.02, Alcoholic Beverage Code, is  
7 amended to read as follows:

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

14 SECTION 12. Section 11.64(a), Alcoholic Beverage Code, is  
15 amended to read as follows:

16 (a) When the commission or administrator is authorized to  
17 suspend a permit or license under this code, the commission or  
18 administrator shall give the permittee or licensee the opportunity  
19 to pay a civil penalty rather than have the permit or license  
20 suspended, unless the basis for the suspension is a violation of  
21 Section 11.61(b)(14), 22.12, 28.11, 32.17(a)(2), 32.17(a)(3),  
22 61.71(a)(5), 61.71(a)(6), 61.74(a)(14), 69.13, 71.09, 101.04,  
23 101.63, 104.01(a)(4), 106.03, 106.06, or 106.15, the sale or offer  
24 for sale of an alcoholic beverage during hours prohibited by  
25 Chapter 105, consumption or the permitting of consumption of an  
26 alcoholic beverage on the person's licensed or permitted premises  
27 during hours prohibited by Chapter 105 or Section 32.17(a)(7), a

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

20 SECTION 13. Section 28.01, Alcoholic Beverage Code, is  
21 amended by amending Subsections (a) and (c) to read as follows:

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

25 (1) from sealed containers containing not less than  
26 one fluid ounce nor more than two fluid ounces or of any legal size;  
27 and



1 (2) from unsealed containers.

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

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

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

9 SECTION 14. Section 28.1001, Alcoholic Beverage Code, is  
10 amended by amending Subsection (a-1) and adding Subsection (a-3) to  
11 read as follows:

12 (a-1) Notwithstanding any other provision of this code, the  
13 holder of a mixed beverage permit may deliver, or have delivered by  
14 a third party, including an independent contractor acting under  
15 Chapter 57, ~~[as added by Chapter 441 (S.B. 1450), Acts of the 86th~~  
16 ~~Legislature, Regular Session, 2019,]~~ an alcoholic beverage from the  
17 permitted premises to an ultimate consumer located off-premises and  
18 in an area where the sale of the beverage is legal if:

19 (1) the holder of the mixed beverage permit holds a  
20 food and beverage certificate for the permitted premises;

21 (2) the delivery of the alcoholic beverage is made as  
22 part of the delivery of food prepared at the permitted premises;

23 (3) the alcoholic beverage is:

24 (A) a malt beverage or wine delivered in:

25 (i) an original container sealed by the  
26 manufacturer; or

27 (ii) a tamper-proof container that is

1 sealed by the permit holder and clearly labeled with the permit  
2 holder's business name and the words "alcoholic beverage"; or

3 (B) an alcoholic beverage other than a malt  
4 beverage or wine that:

5 (i) is delivered in an original,  
6 single-serving container sealed by the manufacturer and not larger  
7 than 375 milliliters; or

8 (ii) the permit holder mixes with other  
9 beverages or garnishes and stores in a tamper-proof container that  
10 is clearly labeled with the permit holder's business name and the  
11 words "alcoholic beverage"; and

12 (4) the delivery is not made to another premises that  
13 is permitted or licensed under this code.

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

20 SECTION 15. Section 32.155, Alcoholic Beverage Code, is  
21 amended by amending Subsection (b) and adding Subsection (b-1) to  
22 read as follows:

23 (b) Notwithstanding any other provision of this code, the  
24 holder of a private club registration permit may deliver, or have  
25 delivered by a third party, including an independent contractor  
26 acting under Chapter 57, ~~[as added by Chapter 441 (S.B. 1450), Acts~~  
27 ~~of the 86th Legislature, Regular Session, 2019,]~~ an alcoholic

1 beverage from the permitted premises to an ultimate consumer  
2 located off-premises and in the county in which the private club is  
3 located if:

4           (1) the holder of the private club registration permit  
5 holds a food and beverage certificate for the permitted premises;

6           (2) the delivery of the alcoholic beverage is made as  
7 part of the delivery of food prepared at the permitted premises;

8           (3) the ultimate consumer is a member of the club;

9           (4) the alcoholic beverage is:

10           (A) a malt beverage or wine delivered in:

11               (i) an original container sealed by the  
12 manufacturer; or

13               (ii) a tamper-proof container that is  
14 sealed by the permit holder and clearly labeled with the name of the  
15 private club registration permit holder and the words "alcoholic  
16 beverage"; or

17           (B) an alcoholic beverage other than a malt  
18 beverage or wine that:

19               (i) is delivered in an original,  
20 single-serving container sealed by the manufacturer and not larger  
21 than 375 milliliters; or

22               (ii) the permit holder mixes with other  
23 beverages or garnishes and stores in a tamper-proof container that  
24 is clearly labeled with the name of the private club registration  
25 permit holder and the words "alcoholic beverage"; and

26           (5) the delivery is not made to another premises that  
27 is permitted or licensed under this code.

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

7        SECTION 16. Section 41.01(a), Alcoholic Beverage Code, is  
8 amended to read as follows:

9        (a) The holder of a carrier permit may transport liquor and  
10 malt beverages into and out of this state and between points within  
11 the state.

12        SECTION 17. Subtitle A, Title 3, Alcoholic Beverage Code,  
13 is amended by adding Chapter 59 to read as follows:

14                    CHAPTER 59. HEMP BEVERAGE PERMIT

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

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

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

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

26        Sec. 59.02. ELIGIBLE PERMIT AND LICENSE HOLDERS. A hemp  
27 beverage permit may be issued to the holder of a package store

1 permit, mixed beverage permit, private club registration permit,  
2 carrier's permit, consumer delivery permit, brewer's license,  
3 nonresident brewer's license, general distributor's license,  
4 branch distributor's license, brewpub license, and hemp retailer  
5 license.

6 Sec. 59.03. AUTHORIZED ACTIVITIES. (a) No person who has  
7 not first obtained a hemp beverage permit may manufacture, produce,  
8 sell, import, export, distribute, or possess for the purpose of  
9 selling, transporting, storing, or delivering for commercial  
10 purposes hemp beverages.

11 (b) Unless otherwise provided in this code, the holder of a  
12 hemp beverage permit may engage in the activities listed in  
13 subsection (a), but only to the extent authorized by the holder's  
14 primary or other secondary permit or license.

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

- 17 (1) \$1,800 for the holder of a package store permit;  
18 (2) \$2,650 for the holder of a mixed beverage permit or  
19 private club registration permit;  
20 (3) \$1,100 for the holder of a carrier's permit;  
21 (4) \$10,000 for the holder of a consumer delivery  
22 permit;  
23 (5) \$5,000 for the holder of a brewer's license or  
24 nonresident brewer's license;  
25 (6) \$5,000 for the holder of a general distributor's  
26 license or branch distributor's license;  
27 (7) \$1,100 for the holder of a brewpub license; and

1           (8) \$500 for the holder of a hemp retailer license.

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

4           (1) not be attractive to children;

5           (2) not bear any resemblance to soda, candy, snacks,  
6 medicine, or other food products that are widely distributed and  
7 familiar to the public;

8           (3) not be stocked near products described in  
9 paragraph (a)(2); and

10          (4) be tamper evident and child resistant.

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

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

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

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

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

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

5           (4) consult your physician before consuming THC or  
6 cannabis products during pregnancy as doing so is not recommended  
7 for healthy mothers.

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

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

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

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

1 sale or delivery, verify that the purchaser or recipient of the  
2 delivery is 21 years of age or older.

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

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

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

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

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

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

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



1       Sec. 59.09. LIMITATION ON SALES TO ULTIMATE CONSUMER. (a)  
2 A consumer may not purchase hemp beverages in an amount exceeding 10  
3 milligrams of delta-9 tetrahydrocannabinol from any holder of a  
4 hemp beverage permit authorized to sell, serve, or deliver hemp  
5 beverages to an ultimate consumer per calendar day other than a  
6 multi-serving hemp beverage container described in Section 59.11  
7 for off-premises consumption. It is a violation of this code for a  
8 permittee to sell, serve, or deliver a hemp beverage to a consumer  
9 in violation of this section.

10       (b) A holder of a hemp beverage permit authorized to sell,  
11 serve, or deliver hemp beverages to an ultimate consumer, in  
12 verifying a consumer's proof of identification under Section 59.08,  
13 shall use an identification authentication software approved by the  
14 Department of Public Safety to verify that the purchase of a hemp  
15 beverage by the consumer will not violate Subsection (a).

16       (c) The Department of Public Safety shall collaborate with  
17 the commission to ensure proper and efficient implementation and  
18 use of identification authentication software.

19       Sec. 59.10. RETAIL SALE OF HEMP BEVERAGE TRAINING PROGRAM.

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

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

24               (2) the risks associated with the consumption of hemp  
25 beverages.

26       (b) The holder of a hemp beverage permit authorized to sell  
27 hemp beverages at retail, and the holder's agents, servants, or

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. 59.11. MULTI-SERVING HEMP BEVERAGE CONTAINER. (a) This section applies to bottles, kegs, or other containers of hemp beverages that collectively contain more than 10 milligrams of delta-9 tetrahydrocannabinol, which are referred to as "multi-serving hemp beverage containers."

(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 hemp beverages in multi-serving hemp beverage containers. The brewer may:

(1) sell multi-serving hemp beverage containers to a hemp 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) self-distribute multi-serving hemp beverage containers as authorized by Chapter 62A, including to licensed hemp retailers, if the brewer is licensed under Chapter 62A.

1       (c) A hemp beverage permit holder that also holds a general  
2 distributor's license or branch distributor's license may receive  
3 multi-serving hemp beverage containers from authorized brewers as  
4 provided in subsection (b) and general and branch distributors that  
5 also hold a hemp beverage permit. The distributor may only sell  
6 multi-serving hemp beverage containers to a hemp permit holder that  
7 also holds a mixed beverage permit, private club registration  
8 permit, hemp retailer's permit, general distributor's license,  
9 branch distributor's license, local distributor's permit, or a  
10 package store permit. A hemp beverage permit holder that also holds  
11 a package store permit may sell multi-serving hemp beverage  
12 containers to ultimate consumers for off-premise consumption only  
13 and not for the purpose of resale. A hemp beverage permit holder  
14 that also holds a local distributor's permit may sell multi-serving  
15 hemp beverage containers for resale, but only to a hemp permit  
16 holder that also holds a mixed beverage permit, private club  
17 registration permit, or hemp retailer's license.

18       (d) Multi-serving hemp beverage containers may only be sold  
19 to ultimate consumers by a hemp beverage permit holder that also  
20 holds a package store permit or hemp retailer's off-premise  
21 license. A hemp beverage permit holder that also holds a package  
22 store permit or hemp retailer's off-premise license may deliver, or  
23 utilize an authorized consumer delivery permittee to deliver,  
24 multi-serving hemp beverage containers to ultimate consumers. A  
25 multi-serving hemp beverage container may only be sold or delivered  
26 to an ultimate consumer if:

27       (1) the total tetrahydrocannabinol concentration is

1 no higher than 2.5 milligrams per ounce for container sizes less  
2 than or equal to 750 milliliters;

3 (2) the total tetrahydrocannabinol concentration is  
4 no higher than one milligram per ounce for container sizes of  
5 greater than 750 milliliters marketed as a pre-mixed hemp cocktail;  
6 or

7 (3) the container contains no more than 1.5 liters.

8 (e) Multi-serving hemp beverage containers may be used by a  
9 hemp beverage permit holder that also holds a mixed beverage  
10 permit, private club registration permit, or hemp retailer's  
11 on-premise license to mix or pour a hemp beverage for sale to an  
12 ultimate consumer, provided the resulting beverage does not contain  
13 more than 10 milligrams of delta-9 tetrahydrocannabinol.

14 (f) In addition to any other applicable requirements in this  
15 code, a multi-serving hemp beverage container:

16 (1) may not contain more than 15.5 gallons or less than  
17 375 milliliters of hemp beverages; and

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

21 SECTION 18. Section 62.09, Alcoholic Beverage Code, is  
22 amended to read as follows:

23 Sec. 62.09. MALT BEVERAGES FOR EXPORT. (a) Regardless of  
24 any other provision of this code, a holder of a brewer's license may  
25 brew and package malt beverages or import them from outside the  
26 state, for shipment out of the state, even though the alcohol  
27 content, containers, packages, or labels make the beverages illegal

1 to sell within the state. The licensee may export the beverages out  
2 of state or deliver them at the licensee's premises for shipment out  
3 of the state without being liable for any state tax on malt  
4 beverages sold for resale in the state.

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

7 SECTION 19. Section 64.01, Alcoholic Beverage Code, is  
8 amended by adding Subsection (c) to read as follows:

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

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

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

20 SECTION 20. Section 64.08(a), Alcoholic Beverage Code, is  
21 amended to read as follows:

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

25 SECTION 21. Section 64.09(a), Alcoholic Beverage Code, is  
26 amended to read as follows:

27 (a) In this section "malt beverages for export" means malt

1 beverages a distributor holds for export to another state in which  
2 the distributor has been assigned a territory for the distribution  
3 and sale of the malt beverages. The term includes malt beverages  
4 that are illegal to sell in this state because of alcohol content,  
5 containers, packages, or labels. The term does not include hemp  
6 beverages that are illegal to sell in this state because of content,  
7 containers, packages, or labels.

8 SECTION 22. Section 66.11(a), Alcoholic Beverage Code, is  
9 amended to read as follows:

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

18 SECTION 23. Chapter 74, Alcoholic Beverage Code, is amended  
19 by adding Section 74.010 to read as follows:

20 Sec. 74.010. SALES OF HEMP BEVERAGES TO RETAILERS AND  
21 DISTRIBUTORS. (a) Notwithstanding any other provision of this  
22 chapter, a holder of a brewpub license who holds a hemp beverage  
23 permit may manufacture hemp beverages.

24 (b) A holder of a brewpub license who also holds a hemp  
25 beverage permit and a mixed beverage permit may sell hemp beverages  
26 to ultimate consumers under this section.

27 (c) A holder of a brewpub license who holds a hemp beverage

1 permit but does not hold a mixed beverage permit, may sell hemp  
2 beverages produced under the license to authorized retailers,  
3 including licensed hemp retailers, and distributors in the same  
4 manner as provided for malt beverages under Sections 74.08 and  
5 74.09.

6 SECTION 24. Section 101.02, Alcoholic Beverage Code, is  
7 amended to read as follows:

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

14 SECTION 25. Section 101.03(a)(1)-(4), Alcoholic Beverage  
15 Code, is amended to read as follows:

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

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

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

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

26 (4) unlawful equipment or materials used or to be used  
27 in the illegal manufacturing of an illicit beverage or consumable

1 hemp product;

2 SECTION 26. Section 101.31, Alcoholic Beverage Code, is  
3 amended to read as follows:

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

6 (a-1) Except as otherwise provided in this code, no person  
7 in a dry area as to consumable hemp products may manufacture,  
8 process, sell, import, export, transport, distribute, store,  
9 solicit or take orders for, or possess with intent to sell a  
10 consumable hemp product.

11 SECTION 27. Section 101.41, Alcoholic Beverage Code, is  
12 amended by amending Subsection (c) and adding Subsection (e) to  
13 read as follows:

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

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

18 (2) the alcohol content by volume.

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

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

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

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

26 (4) a warning that the consumer should consult a  
27 physician before consuming THC or cannabis products during



1 pregnancy as doing so is not recommended for healthy mothers; and

2 (5) a warning that consuming alcohol and hemp  
3 beverages together may result in unanticipated severe levels of  
4 intoxication.

5 SECTION 28. Section 101.66, Alcoholic Beverage Code, is  
6 amended to read as follows:

7 Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT  
8 PROHIBITED. (a) A person may not manufacture, sell, barter, or  
9 exchange a beverage that contains more than one-half of one percent  
10 alcohol by volume and not more than five percent alcohol by volume,  
11 except malt beverages, wine coolers, and spirit coolers.

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

14 SECTION 29. Section 101.67, Alcoholic Beverage Code, is  
15 amended by amending Subsections (a), (d), (e), and (f) and adding  
16 Subsections (a-1) and (a-2) to read as follows:

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

25 (a-1) The registration application for a hemp beverage must  
26 include a certificate of analysis from a licensed hemp testing lab  
27 as provided under Chapter 305.

1        (a-2) Each separately sized container of a hemp beverage  
2 produced by an authorized brewer requires an individual  
3 registration with the commission.

4        (d) On registration of a certificate of label approval  
5 issued by the United States Alcohol and Tobacco Tax and Trade Bureau  
6 or a valid certificate of analysis issued by a licensed hemp testing  
7 lab, as applicable, the commission shall approve the product under  
8 this section and issue a letter to that effect to the licensee  
9 unless the commission determines the product, despite having a  
10 valid federal certificate of label approval or a valid certificate  
11 of analysis, would create a public safety concern, create a  
12 cross-tier violation, or otherwise violate this code.

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

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

24            (1) accepting federal certificates of label approval  
25 or certificates of analysis from licensed hemp testing labs for  
26 registration under this section;

27            (2) registering alcoholic beverage products, other

1 than hemp beverages, that are not eligible to receive a certificate  
2 of label approval issued by the United States Alcohol and Tobacco  
3 Tax and Trade Bureau; and

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

8 SECTION 30. Section 101.6701, Alcoholic Beverage Code, is  
9 amended by adding subsection (e) to read as follows:

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

11 SECTION 31. Subchapter D, Chapter 101, Alcoholic Beverage  
12 Code, is amended by adding Section 101.6702 to read as follows:

13 Sec. 101.6702. HEMP BEVERAGE AUTHORIZATION. (a) The  
14 commission shall by rule develop a process by which a sample  
15 representing a hemp beverage is tested and approved by the  
16 commission before the beverage is made available for sale or  
17 otherwise introduced into commerce in this state.

18 (b) In approving a hemp beverage under Subsection (a), the  
19 commission shall ensure that the hemp beverage is labeled in  
20 accordance with the requirements of Sections 101.41(e), 322.101,  
21 and 322.102.

22 (c) The commission shall develop an authorization form, to  
23 be included with a licensee's application under Section 101.67, by  
24 which the licensee can demonstrate testing and approval by the  
25 commission in compliance with this section.

26 (d) The commission shall ensure that each hemp beverage  
27 container has a delta-9 tetrahydrocannabinol content that complies

1 with Sections 1.04(35), 59.09 and 59.11.

2 (e) The commission may use hemp testing labs to conduct  
3 testing.

4 SECTION 32. Section 101.70(a) and (c)(2), Alcoholic  
5 Beverage Code, is amended to read as follows:

6 (a) A room, building, boat, structure, or other place where  
7 alcoholic beverages or consumable hemp products are sold, bartered,  
8 manufactured, stored, possessed, or consumed in violation of this  
9 code or under circumstances contrary to the purposes of this code,  
10 the beverages and products themselves, and all property kept or  
11 used in the place, are a common nuisance. A person who maintains or  
12 assists in maintaining the nuisance commits an offense.

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

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

24 SECTION 33. Section 101.71, Alcoholic Beverage Code, is  
25 amended to read as follows:

26 Sec. 101.71. INSPECTION OF VEHICLE. No holder of a permit  
27 issued under Title 3, Subtitle A, or a license under Title 7, of

1 this code, may refuse to allow the commission or its authorized  
2 representative or a peace officer, on request, to make a full  
3 inspection, investigation, or search of any vehicle.

4 SECTION 34. Chapter 103, Alcoholic Beverage Code, is  
5 amended by adding Section 103.011 to read as follows:

6 Sec. 103.011. ILLICIT CONSUMABLE HEMP PRODUCTS. In this  
7 chapter, references to an "illicit beverage" include an "illicit  
8 consumable hemp product" as defined in Section 301.001.

9 SECTION 35. Section 106.02, Alcoholic Beverage Code, is  
10 amended to read as follows:

11 Sec. 106.02. PURCHASE OF ALCOHOL OR CONSUMABLE HEMP  
12 PRODUCTS BY A MINOR. (a) A minor commits an offense if the minor  
13 purchases an alcoholic beverage or consumable hemp product. A  
14 minor does not commit an offense if the minor purchases an alcoholic  
15 beverage or consumable hemp product under the immediate supervision  
16 of a commissioned peace officer engaged in enforcing the provisions  
17 of this code.

18 SECTION 36. Section 106.025, Alcoholic Beverage Code, is  
19 amended by amending its title to read as follows:

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

22 SECTION 37. Section 106.03(a), (b) and (d), Alcoholic  
23 Beverage Code, is amended to read as follows:

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

27 (b) A person who sells a minor an alcoholic beverage or

1 consumable hemp product does not commit an offense if the minor  
2 falsely represents himself to be 21 years old or older by displaying  
3 an apparently valid proof of identification that contains a  
4 physical description and photograph consistent with the minor's  
5 appearance, purports to establish that the minor is 21 years of age  
6 or older, and was issued by a governmental agency. The proof of  
7 identification may include a driver's license or identification  
8 card issued by the Department of Public Safety, a passport, or a  
9 military identification card.

10 (d) Subsection (b) does not apply to a person who accesses  
11 electronically readable information under Section 59.08, 109.61,  
12 or 310.308 that identifies a driver's license or identification  
13 certificate as invalid.

14 SECTION 38. Section 106.04, subsections (a), (b), (e)(1),  
15 and (e)(3), Alcoholic Beverage Code, are amended to read as  
16 follows:

17 Sec. 106.04. CONSUMPTION OF ALCOHOL OR CONSUMABLE HEMP  
18 PRODUCT BY A MINOR. (a) A minor commits an offense if he consumes an  
19 alcoholic beverage or consumable hemp product.

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

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

25 (1) requested emergency medical assistance in  
26 response to the possible alcohol or consumable hemp product  
27 overdose of the minor or another person;

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

4           SECTION 39. Section 106.05, subsections (a), (b), (d)(1),  
5 and (d)(2), Alcoholic Beverage Code, is amended to read as follows:

6           Sec. 106.05. POSSESSION OF ALCOHOL OR CONSUMABLE HEMP  
7 PRODUCT BY A MINOR. (a) Except as provided in Subsection (b) of  
8 this section, a minor commits an offense if he possesses an  
9 alcoholic beverage or a consumable hemp product.

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

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

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

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

19           SECTION 40. Section 106.06, subsections (a), (b), (b)(1),  
20 (c-1), (d), (d)(1)(B), and (e), Alcoholic Beverage Code, is amended  
21 to read as follows:

22           Sec. 106.06. PURCHASE OF ALCOHOL OR CONSUMABLE HEMP PRODUCT  
23 FOR A MINOR; FURNISHING ALCOHOL OR CONSUMABLE HEMP PRODUCT TO A  
24 MINOR. (a) Except as provided in Subsection (b), a person commits  
25 an offense if the person purchases an alcoholic beverage or  
26 consumable hemp product for or gives an alcoholic beverage or  
27 consumable hemp product to a minor.

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

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

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

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

23 (1) require the defendant to:

24 (B) attend an alcohol awareness program or a  
25 substance misuse education program approved under Section 106.115;  
26 and

27 (e) Community service ordered under Subsection (d) is in



1 addition to any community service ordered by the judge under  
2 Article 42A.304, Code of Criminal Procedure, and must be related to  
3 education about or prevention of misuse of alcohol or drugs if  
4 programs or services providing that education are available in the  
5 community in which the court is located. If programs or services  
6 providing that education are not available, the court may order  
7 community service that the court considers appropriate for  
8 rehabilitative purposes.

9 SECTION 41. Section 106.07(a), Alcoholic Beverage Code, is  
10 amended to read as follows:

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

15 SECTION 42. Section 106.071, Alcoholic Beverage Code, is  
16 amended by amending its title to read as follows:

17 Sec. 106.071. PUNISHMENT FOR DRUG OR ALCOHOL-RELATED  
18 OFFENSE BY MINOR.

19 SECTION 41. Section 106.08, Alcoholic Beverage Code, is  
20 amended to read as follows:

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

24 SECTION 43. Section 106.115, Alcoholic Beverage Code, is  
25 amended to read as follows:

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

1           (b-1) If the defendant resides in a county with a population  
2 of 75,000 or less and access to an alcohol awareness or substance  
3 misuse education program is not readily available in the county,  
4 the court may allow the defendant to take an online alcohol  
5 awareness or substance misuse education program approved by the  
6 Texas Department of Licensing and Regulation or require the  
7 defendant to perform not less than eight hours of community service  
8 related to alcohol or drug abuse prevention or treatment instead of  
9 attending the alcohol awareness or substance misuse education  
10 program. Community service ordered under this subsection is in  
11 addition to community service ordered under Section 106.071(d).

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

1 enrollment is based. If the defendant is not enrolled in public  
2 school, the defendant's residence is determined by the court.

3 (c) The court shall require the defendant to present to the  
4 court, within 90 days of the date of final conviction, evidence in  
5 the form prescribed by the court that the defendant, as ordered by  
6 the court, has satisfactorily completed an alcohol awareness or  
7 substance misuse education program or performed the required hours  
8 of community service. For good cause the court may extend this  
9 period by not more than 90 days. If the defendant presents the  
10 required evidence within the prescribed period, the court may  
11 reduce the assessed fine to an amount equal to no less than one-half  
12 of the amount of the initial fine.

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

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

23 SECTION 44. Section 106.13(a), Alcoholic Beverage Code, is  
24 amended to read as follows:

25 (a) Except as provided in Subsections (b) and (c) of this  
26 section, the commission or administrator may cancel or suspend for  
27 not more than 90 days a retail license or permit or a private club

1 registration permit if it is found, on notice and hearing, that the  
2 licensee or permittee with criminal negligence sold, served,  
3 dispensed, or delivered an alcoholic beverage or consumable hemp  
4 product to a minor or with criminal negligence permitted a minor to  
5 violate Section 106.04 or 106.05 of this code on the licensed  
6 premises.

7 SECTION 45. Section 106.14, Alcoholic Beverage Code, is  
8 amended by adding subsection (a-1) to read as follows:

9 (a-1) In addition to the requirements in Subsection (a), if  
10 the employee sells, serves, dispenses, or delivers hemp beverages  
11 under Chapter 59 at the premises, the employee must also have  
12 attended hemp beverage training under Section 59.10 within the last  
13 year in order for the employee's actions not to be attributable to  
14 the employer under Subsection (a).

15 SECTION 46. Chapter 106, Alcoholic Beverage Code, is  
16 amended by adding Section 106.141 to read as follows:

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

24 (1) the employee attended the mandatory training under  
25 Section 310.305 within the last year; and

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

1           SECTION 47. Section 107.07, Alcoholic Beverage Code, is  
2 amended by amending Subsection (a) and adding Subsection (b) to  
3 read as follows:

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

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

19           SECTION 48. Section 107.11, Alcoholic Beverage Code, is  
20 amended by amending Subsection (a) and adding Subsection (c) to  
21 read as follows:

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

27           (c) This section does not authorize the importation of a

1 hemp beverage as part of a person's household goods.

2 SECTION 49. Chapter 109, Alcoholic Beverage Code, is  
3 amended by amending Sections 109.01, 109.02, 109.03, 109.06, and  
4 adding Section 109.055 to read as follows:

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

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

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

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

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

5 (a) When the commission is notified under this subchapter of  
6 the acquisition of consumable hemp products it shall immediately  
7 notify a holder of a consumable hemp product distributor's license  
8 who handles the brand of consumable hemp products or the licensed  
9 consumable hemp product manufacturer who produced the products.

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

18 (c) If the distributor or manufacturer does not exercise the  
19 right to purchase the consumable hemp products within 10 days after  
20 being given the opportunity to purchase, the insurer or insurance  
21 salvor may sell it to any qualified consumable hemp product  
22 licensee as provided in Section 109.01.

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

1           SECTION 50. Section 109.21(a), Alcoholic Beverage Code, is  
2 amended to read as follows:

3           (a) The head of a family or an unmarried adult may produce  
4 for the person's use or the use of the person's family not more than  
5 200 gallons of wine or malt beverages, not including hemp  
6 beverages, per year. No license or permit is required.

7           SECTION 51. Section 203.01, Alcoholic Beverage Code, is  
8 amended to read as follows:

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

13           (b) A tax is imposed on the first sale of hemp beverages  
14 manufactured in this state or imported into this state at the rate  
15 of two cents per 2.5 milligrams of delta-9 tetrahydrocannabinol.

16           SECTION 52. Chapter 203, Alcoholic Beverage Code, is  
17 amended by adding Section 203.14 to read as follows:

18           Sec. 203.14. HEMP BEVERAGE TAX DISTRIBUTION. The revenue  
19 attributable to taxes imposed under this chapter and Chapters 151  
20 and 183, Tax Code, on a hemp beverage manufactured, sold, prepared,  
21 or served by a permit or license holder shall be deposited to the  
22 credit of the general revenue fund. Money deposited under this  
23 section may be appropriated only as follows:

24           (1) one-half of the revenue to the commission for the  
25 administration and enforcement of the manufacturing, distribution,  
26 and sales of hemp beverages under this code;

27           (2) one-fourth of the revenue to accredited crime



1 laboratories; and

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

4 SECTION 53. The Alcoholic Beverage Code, is amended by  
5 adding Chapter 207 to read as follows:

6 CHAPTER 207. EXCISE TAXES ON CONSUMABLE HEMP PRODUCTS

7 Sec. 207.01. TIMELY FILING: DILIGENCE. A person filing a  
8 report or making a tax payment complies with the filing  
9 requirements for timeliness for a report not filed or a payment not  
10 made on time if the person exercised reasonable diligence to comply  
11 with the filing requirements and the failure to file or the making  
12 of a late payment is not the fault of the person.

13 Sec. 207.02. "FIRST SALE" DEFINED. In this chapter, "first  
14 sale" means the first sale of a consumable hemp product by the  
15 holder of a hemp manufacturer's license or an out-of-state hemp  
16 manufacturer's license to:

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

22 Sec. 207.03. TAX ON CONSUMABLE HEMP PRODUCTS. (a) A tax is  
23 imposed on the first sale of consumable hemp products at the rate of  
24 2 cents per 2.5 milligrams of delta-9 tetrahydrocannabinol.

25 Sec. 207.04. PAYMENT OF TAX; DISCOUNTS. (a) The tax on  
26 consumable hemp products, levied and computed under this chapter,  
27 shall be paid by a remittance payable to the comptroller and

1 forwarded together with any required sworn statement or report of  
2 taxes due to the commission in Austin on or before the date it is  
3 due.

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

8 Sec. 207.05. DUE DATE. (a) The tax on consumable hemp  
9 products is due and payable on the 15th of the month following the  
10 first sale, together with a report on the tax due.

11 Sec. 207.06. SUMMARY SUSPENSION. (a) The commission may  
12 summarily suspend, without a hearing, the license of a licensee who  
13 fails to file a report or return or to make a tax payment required by  
14 this chapter. Chapter 2001, Government Code does not apply to the  
15 commission in the enforcement and administration of this section.

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

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

23 Sec. 207.07. EXEMPTION FROM TAX. (a) No tax may be  
24 collected on consumable hemp products shipped out of state for  
25 consumption outside the state.

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

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

3       Sec. 207.08. REFUND DUE ON DISPOSITION OUTSIDE OF STATE.  
4 The holder of any license authorizing the transportation of  
5 consumable hemp products out of this state may apply to the  
6 commission for a refund of the excise tax on consumable hemp  
7 products on which the state tax has been paid on proper proof that  
8 the product was sold or disposed of outside of this state.

9       Sec. 207.09. EXCESS TAX. A licensee is entitled to a refund  
10 or tax credit on future tax payment for any excess tax on consumable  
11 hemp products paid through oversight, mistake, error, or  
12 miscalculation.

13       Sec. 207.10. TAX CREDITS AND REFUNDS. The commission shall  
14 provide by rule for the equitable and final disposition of tax  
15 refunds or credits when consumable hemp products tax is overpaid or  
16 paid by mistake. It shall prescribe the time and manner for filing  
17 claims for credits and refunds and provide appropriate forms.

18       Sec. 207.11. STATEMENTS. (a) The commission may require  
19 manufacturers of consumable hemp products processed or  
20 manufactured in this state or imported into this state to provide  
21 information as to purchases, sales, and shipments to enable the  
22 commission to collect the full amount of the consumable hemp  
23 products tax due. No licensee may fail or refuse to furnish the  
24 information.

25       (b) The commission may seize or withhold from sale the  
26 manufacturer's consumable hemp products for failure or refusal to  
27 supply the information required under Subsection (a) or to permit

1 the commission to make any investigation of pertinent records  
2 whether inside or outside this state.

3 Sec. 207.12. SALE OF UNTAXED CONSUMABLE HEMP PRODUCTS  
4 PROHIBITED. No person may sell, offer for sale, or store for the  
5 purpose of sale in this state any consumable hemp product on which  
6 the state or federal tax, if due, has not been paid.

7 Sec. 207.13. TAX ON UNSALABLE CONSUMABLE HEMP PRODUCTS. No  
8 tax imposed under Section 207.03 may be imposed or collected on  
9 consumable hemp products that for any reason have been found and  
10 declared to be unsalable by the commission or administrator. A hemp  
11 manufacturer or an out-of-state hemp manufacturer is entitled to a  
12 refund of any tax the manufacturer has paid on unsalable consumable  
13 hemp products.

14 Sec. 207.14. EVIDENCE IN SUIT. In any suit brought to  
15 enforce the collection of tax owed by the holder of a license  
16 authorizing the sale of consumable hemp products, a certificate by  
17 the commission or administrator showing the delinquency is prima  
18 facie evidence of:

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

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

23 Sec. 207.15. PENALTY. A person who violates any section of  
24 this subchapter except Section 207.08 or 207.12 of this code  
25 commits a misdemeanor which on conviction is punishable by a fine of  
26 not less than \$100 nor more than \$1,000 or by imprisonment in the  
27 county jail for not less than 30 days nor more than one year.

1 Violations of Sections 207.08 and 207.12 are punishable in  
2 accordance with Section 1.05 of this code.

3 Sec. 207.16. CONSUMABLE HEMP PRODUCTS TAX DISTRIBUTION.  
4 The revenue attributable to taxes imposed under this chapter and  
5 Chapter 151, Tax Code, on a consumable hemp products manufactured,  
6 sold, prepared, or served by a license holder shall be deposited to  
7 the credit of the general revenue fund. Money deposited under this  
8 section may be appropriated only as follows:

9 (1) one-half of the revenue to the commission for the  
10 administration and enforcement of the manufacturing, distribution,  
11 and sales of hemp beverages under this code;

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

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

16 SECTION 54. Section 251.71, Alcoholic Beverage Code, is  
17 amended by amending subsection (d) and adding Subsections (a-1) and  
18 (f) to read as follows:

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

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

27 (f) Notwithstanding Section 59.01, a vote to prohibit or

1 legalize the sale of alcoholic beverages, mixed beverages, or malt  
2 beverages does not determine whether the sale of hemp beverages is  
3 prohibited or legalized. An authorized voting unit's status  
4 regarding hemp beverages is determined as provided by Section  
5 251.83.

6 SECTION 55. Section 251.72, Alcoholic Beverage Code, is  
7 amended to read as follows:

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

18 SECTION 56. Section 251.73, Alcoholic Beverage Code, is  
19 amended to read as follows:

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

24 (1) the status that resulted from or is the result of a  
25 duly called election for an incorporated city or town prevails  
26 against the status that resulted from or is the result of a duly  
27 called election in a justice precinct or county in which the

1 incorporated city or town, or any part of it is contained; and

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

7 SECTION 57. Section 251.80(a-1), Alcoholic Beverage Code,  
8 is amended to read as follows:

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

18 SECTION 58. Subchapter D, Chapter 251, Alcoholic Beverage  
19 Code, is amended by adding Section 251.83 to read as follows:

20 Sec. 251.83. SALE OF HEMP BEVERAGES. (a) An authorized  
21 voting unit authorizes the sale of hemp beverages in the authorized  
22 voting unit unless that status is changed by a local option election  
23 in the same authorized voting unit.

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

1 authorized voting unit.

2       SECTION 59. Subchapter D, Chapter 251, Alcoholic Beverage  
3 Code, is amended by adding Sections 251.84 and 251.85 to read as  
4 follows:

5       Sec. 251.84. SALE OF CONSUMABLE HEMP PRODUCTS. (a) An  
6 authorized voting unit authorizes the sale of consumable hemp  
7 products in the authorized voting unit unless that status is  
8 changed by a local option election in the same authorized voting  
9 unit.

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

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

26       (b) Notwithstanding any other provision of this code, if the  
27 sale of consumable hemp products is prohibited by local option



1 election, a licensed hemp distributor whose warehouse or other  
2 facilities used in connection with the distributorship are located  
3 in the area affected, has the right to continue to operate as a  
4 distributor in that area and maintain the necessary premises and  
5 facilities for distribution. The distributor continues to enjoy  
6 all the rights and privileges incident to distributorship, except  
7 that the distributor may sell or deliver consumable hemp products  
8 only to licensed outlets located where the sale of such products is  
9 legal.

10 SECTION 60. Alcoholic Beverage Code, is amended by adding a  
11 new Title 7 to read as follows:

12 TITLE 7. CONSUMABLE HEMP PRODUCTS

13 SUBTITLE A. GENERAL

14 CHAPTER 301. DEFINITIONS.

15 Sec. 301.001. DEFINITIONS.

16 (1) "Batch" means a specific quantity of plant matter,  
17 raw materials, or processed product that is uniform and intended to  
18 meet specifications for identity, strength, purity, and  
19 composition that shall contain the producer's, processor's,  
20 manufacturer's, or distributor's license number and a sequence to  
21 allow for inventory, traceability, and identification of the plant  
22 or extract batches used in the production of products.

23 (2) "Biomass" means bulk unrefined and unadulterated  
24 plant matter including flowers, leaves, and any other parts of the  
25 cannabis sativa L. with a total tetrahydrocannabinol content of  
26 less than 0.3% by dry weight.

27 (3) "Converted cannabinoid" means a chemical

1 substance purposely created by converting a phytocannabinoid into a  
2 different compound which is intended to mimic a phytocannabinoid,  
3 or is intended to interact with the endocannabinoid system unless  
4 the cannabinoid and process creating it is approved by the  
5 commission.

6 (4) "Department" means the Department of State Health  
7 Services.

8 (5) "Executive commissioner" means the executive  
9 commissioner of the Health and Human Services Commission.

10 (6) "Full spectrum" means an extract of cannabis  
11 sativa L. that contains the complex profile of naturally occurring  
12 therapeutic compounds including cannabinoids, terpenes, and  
13 flavonoids.

14 (7) "Illicit consumable hemp product" means a  
15 consumable hemp product that is:

16 (a) manufactured, processed, distributed,  
17 bought, sold, stored, possessed, imported, or transported in  
18 violation of this code;

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

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

24 (8) "Manufacture" has the meaning assigned by Section  
25 431.002, Health & Safety Code.

26 (9) "Measure of uncertainty" means the parameter  
27 associated with the results of an analytical measurement that

1 characterizes the dispersion of the values that could reasonably be  
2 attributed to the quantity subjected to a testing measurement.

3 (10) "Natural Hemp flower" means unadulterated dried  
4 flower from the plant cannabis sativa L. with a total  
5 tetrahydrocannabinoid content of less than 0.3% by dry weight.

6 (11) "Phytocannabinoid" means a chemical substance  
7 created naturally by a plant of the species Cannabis sativa L. that  
8 binds with the cannabinoid receptors of the endocannabinoid system.

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

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

15 (A) sold as a consumable hemp product;

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

18 (C) incorporated into a consumable hemp product;

19 or

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

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

26 (15) "Statement of identity" means the common name of  
27 a product and must be clear, prominent and truthful.

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

6           (17) "Total tetrahydrocannabinols" means the value of  
7 tetrahydrocannabinol content determined after decarboxylation  
8 including delta-8, delta9, delta-10, tetrahydrocannabinolic acid,  
9 and any other chemically similar isomer.

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

13           Sec. 301.002. PURPOSE. (a) This title is an exercise of the  
14 police power of the state for the protection of the welfare, health,  
15 peace, and safety of the people of the state. It shall be liberally  
16 construed to accomplish this purpose.

17           (b) Unless expressly provided otherwise in this title, the  
18 following Alcoholic Beverage Code provisions do not apply in the  
19 regulation of consumable hemp products or to the licenses issued  
20 under this title:

21                   (1) Title 3;

22                   (2) Chapter 102; and

23                   (3) Sections 6.03 and 109.53.

24           Sec. 301.003. POSSESSION, TRANSPORTATION, AND SALE OF  
25 CONSUMABLE HEMP PRODUCTS. A person may possess, transport, sell,  
26 or purchase a consumable hemp product only if processed or  
27 manufactured in compliance with this title.

1       Sec. 301.004. APPLICABILITY OF OTHER LAW. Except as  
2 provided by Section 431.001(c), Health & Safety Code, Chapter 431,  
3 Health & Safety Code, applies to a license holder and a consumable  
4 hemp product regulated under this chapter.

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

8       Sec. 301.006. LOCAL REGULATION PROHIBITED. (a) Except as  
9 provided by subsection (b), Chapter 251 of this Code, and Chapter  
10 501, Election Code, a municipality, county, or other political  
11 subdivision of this state may not enact, adopt, or enforce a rule,  
12 ordinance, order, resolution, or other regulation that prohibits  
13 the processing of hemp, the manufacturing, distribution, or sale of  
14 a consumable hemp product as authorized by this title.

15       (b) Subject to Section 109.57(a), the holder of a license  
16 under this title must abide by all generally applicable local  
17 rules, ordinances, orders, resolutions, or regulations, including  
18 those regarding health, safety, zoning, sanitation, and  
19 advertising.

20       Sec. 301.007. SEVERABILITY. (a) A provision of this title  
21 or its application to any person or circumstance is invalid if the  
22 secretary of the United States Department of Agriculture determines  
23 that the provision or application conflicts with 7 U.S.C. Chapter  
24 38, Subchapter VII, and prevents the approval of the state plan  
25 submitted under Chapter 121, Agriculture Code.

26       (b) The invalidity of a provision or application under  
27 Subsection (a) does not affect the other provisions or applications

1 of this chapter that can be given effect without the invalid  
2 provision or application, and to this end the provisions of this  
3 title are declared to be severable.

4 SUBTITLE B. TESTING

5 CHAPTER 305. TESTING

6 Sec. 305.001. HEMP TESTING LABS; LICENSING. (a) A hemp  
7 testing lab must be licensed by the department until January 1,  
8 2027, and by the commission on and after January 1, 2027.

9 (b) The department or the commission shall issue each  
10 licensed hemp testing lab a license number.

11 (c) The license number must appear on all certificates of  
12 analysis issued by the testing lab.

13 (d) A hemp testing lab must be independent and have no owner  
14 or manager of a licensed hemp producer, manufacturer, distributor,  
15 or retail seller as an owner or manager, or if the lab is publicly  
16 traded, no such owner or manager owning more than 10 percent  
17 ownership interest in the laboratory.

18 (e) To qualify for a testing license a lab must be:

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

22 (2) registered with the Drug Enforcement  
23 Administration; and

24 (3) located in this state.

25 (f) Notwithstanding subsection (e)(3), a lab located in  
26 another state may be licensed by the department or commission, at  
27 its discretion, if the lab:

1           (1) is licensed in the lab's home jurisdiction; and  
2           (2) the lab posts a conduct surety bond in the amount  
3 of \$25,000, conditioned on the applicant's or holder's conformance  
4 with laws and regulations relating to hemp and hemp testing.

5           (g) A surety bond required under this section shall contain  
6 the following statements on the face of the bond:

7           (1) that the holder of the license will not violate a  
8 law or rule of the state relating to hemp and hemp testing; and

9           (2) that the holder of the license agrees that the  
10 amount of the bond shall be paid to the state if the license is  
11 revoked or on final adjudication that the holder violated a  
12 provision of this code.

13           Sec. 305.002. RULEMAKING. (a) The department or commission  
14 shall promulgate rules addressing:

15           (1) acceptable testing practices, including testing  
16 standards, compliance with certified good manufacturing processes,  
17 quality control analysis, equipment certification and calibration,  
18 and chemical identification;

19           (2) an allowable variance rate for determining the  
20 amount or potency of tetrahydrocannabinols or other cannabinoids in  
21 hemp products;

22           (3) corrective measures, root cause analysis,  
23 quarantine of suspect batches, fair notice of unintentional or  
24 negligent violations, destruction of failed batches, documentation  
25 requirements, random laboratory assurance checks, and data-driven  
26 quality assurance checks; and

27           (4) any other subject the commission deemed as

1 necessary to implement this chapter.

2 (b) The responsibility to adopt rules under Subsection (a)  
3 belongs to the department until January 1, 2027, when the  
4 responsibility transfers to the commission. Prior to January 1,  
5 2027, the commission may propose and adopt rules under this section  
6 if the effective date of such rules does not pre-date January 1,  
7 2027.

8 (c) A rule adopted by the department under Subsection (a)  
9 becomes a rule of the commission on January 1, 2027, and remains in  
10 effect until amended or repealed by the commission.

11 Sec. 305.003. TESTING REQUIRED. (a) Before a hemp plant or  
12 biomass is processed, sold into the stream of commerce, or  
13 otherwise used in the manufacture of a consumable hemp product or  
14 hemp beverage, a sample representing the plant must be tested to  
15 determine:

16 (1) the presence and concentration of various  
17 cannabinoids;

18 (2) the presence or quantity of residual solvents,  
19 heavy metals, pesticides, harmful pathogens, and any other  
20 substance prescribed by the department or commission; and

21 (3) acceptable levels as set by commission rule.

22 (b) The tetrahydrocannabinol testing procedure for natural  
23 hemp flower must include a valid testing methodology that uses  
24 postdecarboxylation or other similarly reliable method. The  
25 testing methodology must consider the potential conversion of  
26 tetrahydrocannabinolic acid into delta-9 tetrahydrocannabinol as  
27 described in 7 C.F.R. part 990 or its successor.



1       (c) Before material extracted from hemp by processing,  
2 other than work in progress, is sold as or offered for sale as a  
3 consumable hemp product or hemp beverage, the material must be  
4 tested as appropriate for the type of product to determine:

5               (1) the presence of harmful microorganisms; and

6               (2) the presence or quantity of:

7                       (A) any residual solvents used in processing, if  
8 applicable; and

9                       (B) any other substance prescribed by the  
10 department or commission.

11       (d) Before a consumable hemp product or hemp beverage is  
12 sold at retail or otherwise introduced into commerce in this state,  
13 a sample representing each batch of the product must be tested for:

14               (1) the presence of harmful microorganisms; and

15               (2) the presence or quantity of:

16                       (A) any residual solvents used in processing, if  
17 applicable; and

18                       (B) any other substance prescribed by the  
19 department or commission.

20       Sec. 305.004. WASTE PRODUCTS. The commission by rule shall  
21 determine the proper procedure and documentation for destruction of  
22 hemp flower or biomass or of any extracts or manufactured product  
23 that fails testing.

24       Sec. 305.005. PROVISIONS RELATED TO TESTING. (a) Natural  
25 hemp flower that has a total tetrahydrocannabinol concentration of  
26 more than 0.3 percent subject to the measure of uncertainty may not  
27 be sold at retail or otherwise introduced into commerce in this

1 state.

2 (b) Consumable hemp products or hemp beverages may not be  
3 sold at retail or otherwise introduced into commerce in this state  
4 if the tetrahydrocannabinol content exceeds the limits set for that  
5 type of product by Sections 1.04(35), 59.09, 59.11, and 520.103,  
6 Alcoholic Beverage Code.

7 (c) A person licensed under Chapter 122, Agriculture Code,  
8 shall provide to a license holder who is processing hemp harvested  
9 by the person or otherwise using that hemp to manufacture a  
10 consumable hemp product or hemp beverage the results of a test  
11 conducted under that chapter, if available, as proof that the total  
12 tetrahydrocannabinol concentration of the hemp does not exceed 0.3  
13 percent.

14 (d) A license holder shall make available to a seller of a  
15 consumable hemp product processed or manufactured by the license  
16 holder the results of testing required by Section 305.003. The  
17 results may accompany a shipment to the seller or be made available  
18 to the seller electronically. If the results are not able to be  
19 made available, the seller may have the testing required under  
20 Section 305.003 performed on the product and shall make the results  
21 available to a consumer.

22 Section 305.005. PRODUCTION OF FALSE LABORATORY REPORT;  
23 CRIMINAL OFFENSE. (a) A person commits an offense if the person  
24 intentionally, knowingly, recklessly, or with criminal negligence  
25 conducts a laboratory test that creates an inaccurate result so  
26 that the plant matter or product can be legally sold to consumers or  
27 alters the result so that the certificate of analysis does not

1 accurately reflect the test results.

2 (b) A person who is found to have intentionally or knowingly  
3 violated this section commits a third degree felony.

4 (c) A person who is found to have recklessly or with  
5 criminal negligence violated this section commits a Class A  
6 misdemeanor.

7 SUBTITLE C. CONSUMABLE HEMP PRODUCTS

8 CHAPTER 310. LICENSING

9 SUBCHAPTER A. GENERAL

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

16 (b) Each licensee under this title shall display the license  
17 at all times in a conspicuous place at the licensed place of  
18 business.

19 (c) A separate license shall be obtained and a separate fee  
20 paid for each location engaged in the consumable hemp product  
21 business under this title. An applicant may only obtain a license  
22 for a building or similar permanent structure that is adequate for  
23 the privileges conferred under the license.

24 (d) No person may use a license or exercise any privileges  
25 granted by the license except at the place, address, premises, or  
26 location for which the license is issued.

27 (e) Every licensee shall have and maintain exclusive

1 occupancy and control of the entire licensed premises in every  
2 phase of the manufacture, processing, storing, possession, and sale  
3 of consumable hemp products purchased, stored, or sold on the  
4 licensed premises. Any device, scheme, or plan which surrenders  
5 control of the employees, premises, or business of the licensee to  
6 persons other than the licensee is unlawful.

7 (f) A license issued under this title, including a hemp  
8 testing lab license, is a purely personal privilege and is subject  
9 to revocation as provided in this title. It is not property, is not  
10 subject to execution, does not pass by descent or distribution, and  
11 ceases on the death of the holder.

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

16 (b) The commission has discretionary authority to issue an  
17 original or renewal license or deny an application for an original  
18 or renewal license under the provisions of this title.

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

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

1 the application, the applicant may request a hearing as provided by  
2 Subsection (e).

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

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

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

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

20 Sec. 310.003. APPEAL FROM DENIAL. (a) If a license is  
21 issued on the basis of a district court judgment and that judgment  
22 is reversed on appeal, the mandate of the appellate court  
23 automatically invalidates the license and the applicant is entitled  
24 to a proportionate refund of fees for the unexpired portion of the  
25 license. As much of the proceeds from license fees collected under  
26 this title as is necessary may be appropriated for the payment of  
27 those refunds.

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

6       Sec. 310.004. CERTIFICATION OF WET OR DRY STATUS. (a) Not  
7 later than the 30th day after the date a prospective applicant for a  
8 license issued by the commission under this title, other than a hemp  
9 testing lab license, requests certification, the county clerk of  
10 the county in which the request is made shall certify whether the  
11 location or address given in the request is in a wet area for  
12 consumable hemp products.

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

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

24       (d) Notwithstanding any other provision of this code, if the  
25 county clerk, city secretary, or city clerk certifies that the  
26 location or address given in the request is not in a wet area or  
27 refuses to issue the certification required by this section, the

1 prospective applicant is entitled to a hearing before the county  
2 judge to contest the certification or refusal to certify. The  
3 prospective applicant must submit a written request to the county  
4 judge for a hearing under this subsection. The county judge shall  
5 conduct a hearing required by this subsection not later than the  
6 30th day after the date the county judge receives the written  
7 request.

8 Sec. 310.005. RENEWAL APPLICATION. (a) An application to  
9 renew a license shall be filed with the commission not earlier than  
10 the 30th day before the date the license expires but not after it  
11 expires. The application shall be signed by the applicant and shall  
12 contain complete information required by the commission showing  
13 that the applicant is not disqualified from holding a license. The  
14 application shall be accompanied by the appropriate license fee.

15 (b) When the renewal application has been filed in  
16 accordance with Subsection (a), the commission shall follow the  
17 procedure under Section 310.002.

18 Sec. 310.006. EXPIRATION OF LICENSE. (a) Except as  
19 provided by Subsections (b) and (c) or another provision of this  
20 title, any license issued under this title expires on the second  
21 anniversary of the date on which it is issued.

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

26 (c) The commission may issue a license with an expiration  
27 date less than two years after the date the license is issued in

1 order to maintain a reasonable annual distribution of renewal  
2 application review work and license fees. If the commission issues  
3 a license with an expiration date less than two years after the date  
4 the license is issued, the commission shall prorate the license fee  
5 on a monthly basis so that the license holder pays only that portion  
6 of the license fee that is allocable to the number of months during  
7 which the license is valid.

8 Sec. 310.007. LICENSE NOT ASSIGNABLE. (a) No holder of a  
9 license may assign the license to another person.

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

13 Sec. 310.008. NAME OF BUSINESS. A person may not conduct a  
14 business engaged in the processing, manufacture, transportation,  
15 distribution, importation, or sale of consumable hemp products as  
16 owner or part owner except under the name to which the license  
17 covering the person's place of business is issued.

18 Sec. 310.009. PRIVILEGES LIMITED TO LICENSED PREMISES. A  
19 person licensed to sell consumable hemp products may not use or  
20 display a license or exercise a privilege granted by the license  
21 except at the licensed premises.

22 Sec. 310.010. AGENT FOR SERVICE. Each licensed hemp  
23 manufacturer, out-of-state hemp manufacturer, and distributor, or  
24 person shipping or delivering consumable hemp products into this  
25 state, shall file a certificate with the secretary of state  
26 designating the name, street address, and business of the person's  
27 agent on whom process may be served. If a certificate is not filed,



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

7 Sec. 310.011. STATEMENT OF STOCK OWNERSHIP. The commission  
8 at any time may require an officer of a corporation holding a  
9 license to file a sworn statement showing the actual owners of the  
10 stock of the corporation, the amount of stock owned by each, the  
11 officers of the corporation, and any information concerning the  
12 qualifications of the officers or stockholders.

13 Sec. 310.012. CHANGE OF LOCATION. If a licensee desires to  
14 change the licensee's place of business, the licensee may do so by  
15 applying to the commission and obtaining the commission's consent.  
16 No additional license fee for the unexpired term of the license  
17 shall be required in the case of an application for a change of  
18 location.

19 Sec. 310.013. RESTRICTION ON CONSUMPTION. A licensee may  
20 not permit consumable hemp products to be consumed on the licensed  
21 premises. This section does not apply to an on-premise hemp  
22 retailer's license holder.

23 Sec. 310.014. CONDUCT SURETY BOND. (a) Except as provided  
24 in Subsection (e) of this section, an applicant for a license or a  
25 holder of a license issued under this title shall file with the  
26 commission a surety bond in the amount of \$5,000, conditioned on the  
27 applicant's or holder's conformance with laws relating to

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

4 (b) A surety bond required under this section shall contain  
5 the following statements on the face of the bond:

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

9 (2) that the holder of the license agrees that the  
10 amount of the bond shall be paid to the state if the license is  
11 revoked or on final adjudication that the holder violated a  
12 provision of this code, regardless of whether the actions of an  
13 employee of a holder are not attributable to the holder under  
14 Section 106.141.

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

16 (1) form of a surety bond;

17 (2) qualifications for a surety;

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

20 (4) release or discharge of the bond.

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

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

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

1 this state.

2 (e) A holder of a license issued under this title who has  
3 held a license for three years or more before the date the holder  
4 applied for renewal of the license is not required to furnish a  
5 surety bond if the holder:

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

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

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

14 (f) If a holder of a license is exempt from furnishing a  
15 conduct surety bond under Subsection (e) of this section, the  
16 holder shall be exempt from furnishing the bond at another location  
17 where the holder applies for or holds a license.

18 Sec. 310.015. FEES. (a) A separate license fee is required  
19 for each place of business that manufactures, processes, imports,  
20 transports, distributes, delivers, or sells consumable hemp  
21 products.

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

24 (1) \$3,000 for a hemp manufacturer's license;

25 (2) \$5,000 for an out-of-state hemp manufacturer's  
26 license;

27 (3) \$1,500 for a hemp distributor's license;

- 1           (4) \$2,000 for an off-premise hemp retailer's license;  
2           (5) \$4,000 for an on-premise hemp retailer's license;  
3           (6) \$1,100 for a hemp carrier's license; and  
4           (7) \$10,000 for a hemp consumer delivery license.

5           (c) All license fees shall be deposited as provided in a  
6 fund dedicated for the administration of hemp laws. Each license  
7 application must be accompanied by a cashier's check, a teller's  
8 check, a check drawn on the account of a corporation applying for a  
9 license or on the account of a corporation that is an agent for the  
10 person applying for a license, a money order, or payment by credit  
11 card, charge card, or other electronic form of payment approved by  
12 commission rule for the amount of the state fee, payable to the  
13 order of the comptroller.

14           (d) No licensee may obtain a refund on the surrender or  
15 nonuse of a license except as provided by this title.

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

20           Sec. 310.016. MANDATORY GROUNDS FOR DENIAL. (a) The  
21 commission shall deny an application for a license under this title  
22 if the commission has reasonable grounds to believe and finds that:

- 23           (1) the applicant is a minor;  
24           (2) the applicant is indebted to the state for any  
25 taxes, fees, or penalties imposed by this code or by rule of the  
26 commission;  
27           (3) the place or manner in which the applicant may

1 conduct the applicant's business warrants a denial of the  
2 application for a license based on the general welfare, health,  
3 peace, morals, safety, and sense of decency of the people;

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

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

10 (6) the applicant was finally convicted of a felony  
11 during the five years immediately preceding the filing of the  
12 applicant's application;

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

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

20 (9) the applicant was finally convicted of a felony  
21 relating to controlled substances during the ten years immediately  
22 preceding the filing of the applicant's application; or

23 (10) granting the license would result in subterfuge  
24 ownership of the license or the licensed premises.

25 (b) The commission shall deny an application for an original  
26 hemp manufacturer's or hemp retailer's license unless the applicant  
27 for the license files with the application a certificate issued by

1 the comptroller of public accounts stating that the applicant  
2 holds, or has applied for and satisfies all legal requirements for  
3 the issuance of, a sales tax permit for the place of business for  
4 which the license is sought.

5 (c) The commission shall deny for a period of one year an  
6 application for a hemp retailer's license for a premises where a  
7 license or permit issued under this code has been canceled during  
8 the preceding 12 months as a result of:

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

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

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

15 (e) The commission shall deny an application for an original  
16 or renewal license if the commission has reasonable grounds to  
17 believe and finds that, during the three years preceding the date  
18 the license application was filed, a license or permit previously  
19 held under this code by the applicant, a person who owns the  
20 premises for which the license is sought, or an officer of a person  
21 who owns the premises for which the license is sought was canceled  
22 or not renewed as a result of a shooting, stabbing, or other violent  
23 act.

24 (f) In this section, the word "applicant" also includes, as  
25 of the date of the application, each member of a partnership or  
26 association and, with respect to a corporation, each officer and  
27 the owner or owners of a majority of the corporate stock.

1       Sec. 310.017. DISCRETIONARY GROUNDS FOR DENIAL. (a) The  
2 commission may deny an application for a license if the commission  
3 has reasonable grounds to believe and finds that:

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

8           (2) five years has not elapsed since the termination,  
9 by pardon or otherwise, of a sentence imposed for conviction of a  
10 felony;

11           (3) the applicant has violated or caused to be  
12 violated a provision of this code or a rule or regulation of the  
13 commission during the 12-month period immediately preceding the  
14 filing of an application;

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

18           (5) the applicant does not have an adequate building  
19 available at the address for which the license is sought before  
20 conducting any activity authorized by the license;

21           (6) the applicant or a person with whom the applicant  
22 is residentially domiciled had an interest in a license or permit  
23 issued under this code which was cancelled or revoked within the  
24 12-month period immediately preceding the filing of an application;

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

1           (8) the place, building, or premises for which the  
2 license is sought was used for selling consumable hemp products,  
3 narcotics, or alcoholic beverages in violation of the law at any  
4 time during the six months immediately preceding the filing of the  
5 application or was used, operated, or frequented during that time  
6 for a purpose or in a manner which was lewd, immoral, offensive to  
7 public decency, or contrary to this code.

8           (b) In this section, the word "applicant" also includes, as  
9 of the date of the application, each member of a partnership or  
10 association and, with respect to a corporation, each officer and  
11 the owner or owners of a majority of the corporate stock.

12           Sec. 310.018. GROUNDS FOR CANCELLATION OR SUSPENSION. (a)  
13 The commission or administrator may suspend for not more than 60  
14 days or cancel a license if it is found, after notice and hearing,  
15 that the licensee:

16           (1) violated a provision of this code or a rule of the  
17 commission during the existence of the license sought to be  
18 cancelled or suspended or during the immediately preceding license  
19 period;

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

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

24           (4) made a false statement or a misrepresentation in  
25 the licensee's application;

26           (5) with criminal negligence sold, served, or  
27 delivered a consumable hemp product or alcoholic beverage to a



1 minor;  
2 (6) sold, served, or delivered a consumable hemp  
3 product or alcoholic beverage to an intoxicated person;  
4 (7) sold, served, or delivered a consumable hemp  
5 product or alcoholic beverage at a time when its sale is prohibited;  
6 (8) possessed on the licensed premises, or on adjacent  
7 premises directly or indirectly under the licensee's control, a  
8 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 allowed 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 of the licensed premises, vehicles, books, or records by  
16 an authorized representative of the commission or a peace officer;  
17 (12) permitted the use or display of the licensee's  
18 license in the conduct of a business for the benefit of a person not  
19 authorized by law to have an interest in the license;  
20 (13) conducted the licensee's business in a place or  
21 manner which warrants the cancellation or suspension of the license  
22 based on the general welfare, health, peace, morals, safety, and  
23 sense of decency of the people;  
24 (14) consumed a consumable hemp product or permitted  
25 one to be consumed on the licensed premises, except as authorized by  
26 the code;  
27 (15) purchased consumable hemp products for the

1 purpose of resale from a person authorized to do so under this  
2 title;

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

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

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

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

18 (20) imported consumable hemp products into this state  
19 except as authorized by this title;

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

24 (22) is residentially domiciled with or related to a  
25 person whose license has been cancelled within the preceding 12  
26 months so that there is a community of interests which the  
27 commission or administrator finds contrary to the purposes of this

1 title;

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

4 (24) is in the habit of using illegal narcotics, or  
5 using consumable hemp products or alcoholic beverages in excess;

6 (25) knowingly misrepresented to a customer or the  
7 public any consumable hemp product sold by the licensee;

8 (26) was intoxicated on the premises;

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

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

13 (29) sold or delivered a consumable hemp product at a  
14 time when its sale is prohibited;

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

17 (31) 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 (32) gave a check, as maker or endorser, or a draft, as  
24 drawer or endorser, as full or partial payment for consumable hemp  
25 products which is dishonored when presented for payment.

26 (b) The grounds listed in Subsection (a) of this section  
27 also apply to each member of a partnership or association and, as to

1 a corporation, to the president, manager, and owner of the majority  
2 of the corporate stock.

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

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

- 16 (1) the type of license held;  
17 (2) the type of violation;  
18 (3) any aggravating or ameliorating circumstances  
19 concerning the violation; and  
20 (4) the licensee's previous violations.

21 Sec. 310.019. EMERGENCY ORDER SUSPENDING LICENSE. (a) If  
22 the commission or administrator determines that the continued  
23 operation of a licensed business would constitute a continuing  
24 threat to the public welfare, the commission or administrator may  
25 issue an emergency order, without a hearing, suspending the license  
26 for not more than 90 days.

27 (b) An order suspending a license under this section must

1 state the length of the suspension in the order.

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

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

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

17 Sec. 310.020. CANCELLATION FOR IMPROPER DISPLAY OR USE OF  
18 LICENSE. The commission or administrator shall cancel a license if  
19 it is found, after notice and hearing, that the licensee was  
20 convicted of an offense under Section 101.76.

21 Sec. 310.021. CANCELLATION OF PERMIT OR LICENSE IN CERTAIN  
22 MUNICIPALITIES. (a) The commission or administrator may cancel a  
23 license and the commission may deny an application for any new  
24 license for the same premises for one year after the date of  
25 cancellation if:

26 (1) the chief of police of the city or the sheriff of  
27 the county in which the premises are located has submitted a sworn

1 statement to the commission stating specific allegations that the  
2 place or manner in which the licensee conducts its business  
3 endangers the general welfare, health, peace, morals, or safety of  
4 the community and further stating that there is a reasonable  
5 likelihood that such conduct would continue at the same location  
6 under another licensee or permittee; and

7           (2) the commission finds, after notice and hearing,  
8 that the place or manner in which the permittee or licensee conducts  
9 its business does in fact endanger the general welfare, health,  
10 peace, morals, or safety of the community and that there is a  
11 reasonable likelihood that such conduct would continue at the same  
12 location under another licensee or permittee.

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

15           Sec. 310.022. SUSPENSION INSTEAD OF CANCELLATION. When a  
16 cause for the cancellation of a license is prescribed by this code,  
17 the commission or administrator has the discretionary authority to  
18 suspend the license for not more than 60 days rather than to cancel  
19 the license.

20           Sec. 310.023. ALTERNATIVES TO SUSPENSION, CANCELLATION.

21 (a) When the commission or administrator is authorized to suspend a  
22 license under this title, the commission or administrator, in its  
23 discretion, may give the licensee the opportunity to pay a civil  
24 penalty rather than have the license suspended. In determining  
25 whether to give a licensee the opportunity to pay a civil penalty  
26 under this section, the commission shall consider the type of  
27 license held, the type of violation, any aggravating or

ameliorating circumstances concerning the violation, and any past violations of this code by the licensee. The commission or administrator shall determine the amount of the penalty, which may not be less than \$150 or more than \$25,000 for each day the license was to have been suspended. If the licensee or permittee does not pay the penalty before the sixth day after the commission or administrator notifies him of the amount, the commission or administrator shall impose the suspension.

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

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

(2) that the licensee was entrapped;

(3) that an agent, servant, or employee of the licensee violated this code without the knowledge of the licensee;

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

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

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

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

6           (1) the type of license held;

7           (2) the type of violation;

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

11           (4) the licensee's previous violations; and

12           (5) if the commission or administrator determines the  
13 licensee has previously violated this code, whether the licensee  
14 profited from the violation, and if so the amount of the licensee's  
15 profit.

16           (d) Fees and civil penalties received by the commission  
17 under this section shall be deposited in a fund dedicated for the  
18 administration of hemp laws.

19           Sec. 310.024. CERTAIN ACTS ALSO VIOLATIONS OF CODE. Any act  
20 of omission or commission which is a ground for cancellation or  
21 suspension of a license under this title is also a violation of this  
22 code, punishable as provided in Section 1.05 of this code, except  
23 that the penalty for making a false statement in an application for  
24 a license or in a statement, report, or other instrument to be filed  
25 with the commission, which is required to be sworn, is provided in  
26 Section 101.69 of this code.

27           Sec. 310.025. VIOLATOR NOT EXCUSED BY CANCELLATION OR



1 SUSPENSION. The cancellation or suspension of a license does not  
2 excuse the violator from the penalties provided in this code.

3 Sec. 310.026. HEARING FOR CANCELLATION OR SUSPENSION OF  
4 LICENSE. The commission or administrator, on the motion of either,  
5 may set a date for a hearing to determine if a license should be  
6 cancelled or suspended. The commission or administrator shall  
7 notify the licensee of the hearing and of its right to appear and  
8 show cause why the license should not be cancelled or suspended.

9 Sec. 310.027. APPEAL FROM CANCELLATION OR SUSPENSION OF  
10 LICENSE. Section 11.67(a)-(b) applies to an appeal from a decision  
11 or order of the commission or administrator cancelling or  
12 suspending a license.

13 Sec. 310.028. MAY NOT RESTRAIN SUSPENSION ORDER. No suit of  
14 any nature may be maintained in a court of this state to restrain  
15 the commission or administrator or any other officer from enforcing  
16 an order of suspension issued by the commission or administrator.

17 Sec. 310.029. CANCELLATION OR SUSPENSION: WHEN EFFECTIVE.  
18 The manner in which the suspension or cancellation of a license  
19 takes effect is governed by Section 11.65 of this code.

20 Sec. 310.030. ACTIVITIES PROHIBITED DURING CANCELLATION OR  
21 SUSPENSION. (a) A person whose license is cancelled may not  
22 manufacture, process, distribute, import, store, deliver, or sell  
23 consumable hemp products for a period of one year immediately  
24 following the cancellation, unless the order of cancellation is  
25 superseded pending trial or unless the person prevails in a final  
26 judgment rendered on an appeal prosecuted in accordance with this  
27 code.

1       (b) No person may manufacture, distribute, import, deliver,  
2 sell, or offer for sale a consumable hemp product which the person  
3 was authorized to sell under a license after the license has been  
4 suspended. If it is established to the satisfaction of the  
5 commission or administrator at a hearing that a consumable hemp  
6 product was manufactured, distributed, imported, delivered, sold,  
7 or offered for sale during a period of suspension, the commission or  
8 administrator may cancel the license.

9       Sec. 310.031. MULTIPLE LICENSES. A person may hold more  
10 than one license type under this chapter.

11       Sec. 310.032. SUBTERFUGE OWNERSHIP. (a) Subterfuge  
12 ownership of a license or the licensed premises is prohibited.

13       (b) The commission or administrator may suspend for not more  
14 than 60 days or cancel a license if it is found, after notice and  
15 hearing, that the licensee violated subsection (a).

16                   SUBCHAPTER B. MANUFACTURING

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

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

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

25               (3) solicit and take orders for works in progress from  
26 licensed hemp manufacturers;

27               (4) label and package the permit holder's finished

1 consumable hemp products;

2 (5) sell the finished consumable hemp products in this  
3 state to holders of hemp distributor's licenses and hemp retailer's  
4 licenses, and to qualified persons outside the state;

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

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

11 (b) The holder of a hemp manufacturer's license may ship  
12 consumable hemp products using a licensed hemp carrier or the U.S.  
13 Postal Service, or transport consumable hemp products, if the  
14 shipping or transportation is for a lawful purpose, from the  
15 manufacturer's licensed premises or authorized place of storage to:

16 (1) a purchasing hemp distributor's or retailer's  
17 licensed premises;

18 (2) another hemp manufacturer's licensed premises, as  
19 provided by Subsection (a)(3);

20 (3) ultimate consumers, as provided by Subsection  
21 (a)(7); and

22 (4) lawful destinations outside this state for  
23 delivery to qualified purchasers or recipients.

24 (c) The holder of a hemp manufacturer's license  
25 transporting consumable hemp products under this section shall  
26 provide to the commission:

27 (1) a full description of each motor vehicle used by

1 the license holder for transporting consumable hemp products; and

2 (2) any other information the commission requires.

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

5 (1) described by Subsection (c);

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

8 (3) printed or painted with the designation required  
9 by the commission under Section 310.204.

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

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

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

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

17 (B) private warehouse that is operated and either  
18 owned or leased by the license holder and that is registered with  
19 the commission.

20 (f) The privileges granted to a hemp manufacturer are  
21 confined strictly to consumable hemp products manufactured under  
22 the manufacturer's license.

23 (g) The commission shall deny an application for a hemp  
24 manufacturer's license if the commission has reasonable grounds to  
25 believe, and finds that the applicant has failed to state under  
26 oath, that it will engage in the business of manufacturing  
27 consumable hemp products within one year after the issuance of its

1 original license in sufficient quantities as to make its operation  
2 that of a bona fide manufacturer. The licensee is ineligible to  
3 renew, and the commission may cancel, its license if it ceases to be  
4 a bona fide manufacturer.

5 (h) A hemp manufacturer's license holder may not knowingly  
6 utilize or employ any person under the age of 21 to work on the  
7 licensee's premises in any capacity.

8 (i) A hemp manufacturer's authority to sell finished  
9 consumable hemp products to ultimate consumers at the  
10 manufacturer's licensed premises under Subsection (a)(6) is  
11 automatically revoked if the property on which the manufacturer's  
12 premises is located is in a territory that votes to prohibit the  
13 sale of consumable hemp products under Section 251.83.

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

18 (k) A hemp manufacturer may use a hemp consumer delivery  
19 licensee to deliver consumable hemp products to ultimate consumers,  
20 as authorized by this section.

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

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

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

27 (1) solicit and take orders for finished consumable

1 hemp products from licensed hemp distributors or retailers, and  
2 ultimate consumers;

3 (2) solicit and take orders for works in progress from  
4 licensed hemp manufacturers;

5 (3) sell and ship consumable hemp products into this  
6 state, or cause it to be shipped into this state, in consummation of  
7 sales made to licensed hemp manufacturers, distributors, and  
8 retailer; and

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

11 (b) The holder of an out-of-state hemp manufacturer's  
12 license may ship consumable hemp products using a license hemp  
13 carrier or the U.S. Postal Service if the shipping is for a lawful  
14 purpose, from the out-of-state manufacturer's licensed premises  
15 to:

16 (1) a purchasing hemp distributor's or retailer's  
17 licensed premises;

18 (2) a hemp manufacturer's licensed premises, as  
19 provided by Subsection (a)(2); and

20 (3) ultimate consumers, as provided by Subsection  
21 (a)(4).

22 (c) The privileges granted to an out-of-state hemp  
23 manufacturer are confined strictly to consumable hemp products  
24 actually manufactured by the licensee.

25 (d) The commission shall deny an application for an  
26 out-of-state hemp manufacturer's license if the commission has  
27 reasonable grounds to believe, and finds that the applicant has

1 failed to state under oath, that it will engage in the business of  
2 manufacturing consumable hemp products within one year after the  
3 issuance of its original license in sufficient quantities as to  
4 make its operation that of a bona fide manufacturer. The licensee is  
5 ineligible to renew, and the commission may cancel, its license if  
6 it ceases to be a bona fide manufacturer.

7 Sec. 310.103. WORK IN PROGRESS. (a) Work in progress may  
8 only be derived from natural hemp flower or biomass based on  
9 sampling that was collected no more than 30 days before the day on  
10 which the cannabis plant was harvested.

11 (b) A work in progress must be securely kept on the premises  
12 of a licensed manufacturer and may only be transferred to another  
13 licensed manufacturer or used as ingredients for consumable hemp  
14 products or beverages.

15 (c) While being transported a work in progress must be  
16 accompanied by the producing manufacturer's license number and the  
17 license number of the receiving manufacturer. Manufacturers must  
18 keep a log of any such shipments with the date, time, volume and  
19 batch of work in progress. The log entry must be signed by the  
20 individuals who authorized the shipment and accompanied the  
21 shipment.

22 Sec. 310.104. APPLICATION; ISSUANCE. In addition to any  
23 requirements imposed by this title or the commission, an  
24 application for a license under this subchapter must include:

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

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

3           Sec. 310.105. SELF-AUDITS. At least once every calendar  
4 quarter, the license holder must conduct a self audit of inventory  
5 creation, tracking, and sales, and maintain the resulting data in  
6 the form and for the duration required by the commission. The data  
7 must be provided to the commission upon request. This data  
8 qualifies as a private record under Section 5.48.

9           Sec. 310.106. GOOD MANUFACTURING PRACTICES. Manufacturing  
10 license holders must follow and be certified in good manufacturing  
11 practices.

12                           SUBCHAPTER C. DISTRIBUTION

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

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

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

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

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

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

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



1 Postal Service, or transport consumable hemp products, for a lawful  
2 purpose:

3 (1) from a selling hemp manufacturer's or other  
4 distributor's licensed premises to the distributor's licensed  
5 premises or authorized place of storage;

6 (2) from the distributor's licensed premises or  
7 authorized place of storage to a purchasing hemp distributor's or  
8 retailer's licensed premises or authorized place of storage; and

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

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

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

17 (2) any other information the commission requires.

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

20 (1) described by Subsection (c);

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

23 (3) printed or painted with the designation required  
24 by the commission under Section 310.204.

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

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

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

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

5                   (B) private warehouse that is operated and either  
6 owned or leased by the license holder and that is registered with  
7 the commission.

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

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

15           Sec. 310.202. APPLICATION; ISSUANCE. In addition to any  
16 requirements imposed by this title or the commission, an  
17 application for a license under this subchapter must include:

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

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

23           Sec. 310.203. GPS TRACKING. All vehicles utilized by a  
24 distribution license holder must be equipped with GPS tracking  
25 devices. The commission shall by rule determine the length of time  
26 GPS tracking data must be recorded and stored.

27           Sec. 310.204. VEHICLE MARKINGS. All vehicles used to

1 transport consumable hemp products must be discretely marked or  
2 branded and must have the TABC license number visible on the  
3 exterior.

4 SUBCHAPTER D. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

5 Sec. 310.301. HEMP RETAILERS. (a) Only licensed hemp  
6 retailer may engage in the sale of natural hemp flower or consumable  
7 hemp products.

8 (b) A hemp retailer must be a fixed location and may not be  
9 in a vehicle or otherwise mobile

10 (c) Hemp retailer may sell natural hemp flower, consumable  
11 hemp products, and hemp beverages.

12 (d) Hemp retailer may sell other products that do not  
13 contain cannabinoids except for tobacco and nicotine products and  
14 alcoholic beverages.

15 (e) The holder of a hemp retail license may make deliveries  
16 of consumable hemp products:

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

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

21 (A) the county in which the premises of the  
22 licensee making the sale is located;

23 (B) the city or town in which the premises of the  
24 licensee making the sale is located, if the licensee is located in a  
25 city or town; or

26 (C) an area not further than two miles beyond the  
27 municipal boundary of the city or town in which the premises of the

1 licensee is located, if applicable.

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

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

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

11 (3) sell and deliver finished consumable hemp products  
12 to ultimate consumers off the licensed premises, but not for resale  
13 purposes.

14 (b) The holder of an off-premise hemp dealer's license may  
15 ship consumable hemp products using a license hemp carrier or the  
16 U.S. Postal Service or transport consumable hemp products, if the  
17 shipping or transportation is for a lawful purpose, from the  
18 retailer's licensed premises to ultimate consumers, as provided by  
19 Subsection (a)(3).

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

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

25 (2) any other information the commission requires.

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

1           (1) described by Subsection (c);  
2           (2) owned or leased in good faith by the license holder  
3 or by the license holder's agent; and  
4           (3) printed or painted with the designation required  
5 by the commission under Section 310.204.

6           (e) A person may not hold or have an interest, directly or  
7 indirectly, in more than 15 hemp retail stores or in their business  
8 or license.

9           (f) For the purpose of this section:

10           (1) a person has an interest in any license in which  
11 his spouse has an interest; and

12           (2) as to a corporate licensee, the stockholders,  
13 managers, officers, agents, servants, and employees of the  
14 corporation have an interest in the license, business, and hemp  
15 retail stores of the corporation.

16           (g) An off-premise hemp retailer license may not be owned or  
17 held by a public corporation, or by any entity which is directly or  
18 indirectly owned or controlled, in whole or in part, by a public  
19 corporation, or by any entity which would hold the hemp retailer  
20 license for the benefit of a public corporation.

21           (1) For purposes of this subsection, a public  
22 corporation means:

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

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

1           (2) Before the commission may renew an off-premise  
2 hemp retailer license, an individual who is an owner or officer of  
3 the licensee must file with the commission a sworn affidavit  
4 stating that the licensee fully complies with the requirements of  
5 this subsection.

6           (3) Any off-premise hemp retailer license holder who  
7 is injured in its business or property by another licensed hemp  
8 retailer or by any other person by reason of anything prohibited in  
9 this subsection may institute suit in any district court in the  
10 county where the violation is alleged to have occurred to require  
11 enforcement by injunctive procedures and to recover triple damages  
12 plus costs of suit including reasonable attorney's fees.

13           (h) An off-premise hemp retailer licensee may not knowingly  
14 utilize or employ any person under the age of 21 to work on the  
15 premises of a hemp retailer in any capacity. This subsection does  
16 not apply to a person who is at least 18 years old and who is  
17 employed by the person's parent or legal guardian to work in a hemp  
18 retailer that is owned by the parent or legal guardian.

19           (i) An off-premise hemp retailer business may only operate  
20 between the hours of specified in Section 105.05.

21           (j) An off-premise hemp retailer may use a hemp consumer  
22 delivery licensee to deliver consumable hemp products to ultimate  
23 consumers, as provided by Subsection (a)(3).

24           Sec. 310.303. ON-PREMISE RETAIL HEMP LICENSE. (a) In  
25 addition to the activities described in Section 310.302(a)-(j), an  
26 on-premises hemp retailer license holder may sell consumable hemp  
27 products in unbroken original containers and packages on or from

1 the holder's licensed premises at retail to ultimate consumers for  
2 on- or off-premise consumption and not for the purpose of resale.

3 (b) If an applicant also obtains a hemp beverage permit, may  
4 mix and pour hemp beverages for on-premises consumption provided  
5 that the beverage does not contain more than 10 milligrams delta-9  
6 tetrahydrocannabinol.

7 Sec. 310.304. APPLICATION; ISSUANCE. In addition to any  
8 requirements imposed by this title or the commission, an  
9 application for a license under this subchapter must include:

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

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

14 Sec. 310.305. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS  
15 TRAINING PROGRAM. (a) The commission by rule shall develop a  
16 training program on:

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

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

22 (b) The commission may develop the training program in  
23 conjunction with the training program mandated in Section 59.10.

24 (c) The holder of a license authorized to sell consumable  
25 hemp products at retail, and the holder's agents, servants, or  
26 employees that engage in such sales, shall annually complete the  
27 training program developed by the commission under Subsection (a).

1       (d) If the holder of a license authorized to sell consumable  
2 hemp products at retail is not an individual, the training program  
3 under Subsection (a) must be annually completed by an officer,  
4 director, or other individual with senior management  
5 responsibilities for the holder.

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

8       Sec. 310.306. SALES NEAR CERTAIN LOCATIONS. (a)  
9 Notwithstanding any other law, the retail sale of consumable hemp  
10 products is prohibited within 1000 feet of a school, church, public  
11 playground, day-care center, child-care center, homeless shelter,  
12 or substance abuse treatment center.

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

19       Sec. 310.307. VIDEO SURVEILLANCE. (a) The holder of a  
20 license authorized to sell consumable hemp products at retail must  
21 install a fully operational video surveillance and camera recording  
22 system on the licensed premises. The system must capture video of  
23 the portion of the premises accessible to the public, including the  
24 check-out area but excluding any bathroom.

25       (b) Any video recordings captured on the system must be made  
26 available upon request to the commission or a law enforcement  
27 agency with jurisdiction over the licensee or premises.



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

3       (d) The commission shall adopt rules establishing standards  
4 and requirements for the video surveillance and camera recording  
5 system, and retention requirements for video footage captured on  
6 the system

7       Sec. 310.308. ELECTRONIC VERIFICATION OF CONSUMER'S  
8 IDENTIFICATION. (a) A holder of a hemp retailer license authorized  
9 to sell, serve, or deliver hemp products to an ultimate consumer, or  
10 the permit holder's agent, servant, or employee shall, before  
11 initiating the sale or delivery, verify that the purchaser or  
12 recipient of the delivery is 21 years of age or older.

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

15               (1) personally inspecting the provided proof of  
16 identification;

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

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

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

25       (c) A proof of identification provided by a purchaser or  
26 recipient under this section must contain a physical description  
27 and photograph consistent with the person's appearance, purport to

1 establish that the person is 21 years of age or older, and have been  
2 issued by a governmental agency. The proof of identification may  
3 include a driver's license or identification card issued by the  
4 Department of Public Safety, a passport, or a military  
5 identification card.

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

11 Sec. 310.309. SELF-AUDITS. At least once every calendar  
12 quarter, the hemp retailer must conduct a self-audit of inventory  
13 tracking and sales data and maintain the resulting data in the form  
14 required and for the duration required by the commission. The data  
15 must be provided to the commission upon request. This data  
16 qualifies as a private record under Section 5.48.

17 Sec. 310.310. AGE REQUIREMENTS. Except as provided by  
18 Section 310.302(h) or another law, no person under the age of 21 may  
19 permitted to enter a hemp retailer premises.

#### 20 SUBCHAPTER E. HEMP CARRIER LICENSE

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

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

27 (c) The holder of a hemp carrier license who transports

1 consumable hemp products to the premises of a hemp manufacturer or  
2 distributor, or their authorized place of storage, shall provide to  
3 the consignee a shipping invoice that clearly states:

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

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

7 (3) any other information required by this code or  
8 commission rule, including the brands, sizes of containers, types,  
9 and quantities of consumable hemp products contained in the  
10 shipment.

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

12 (1) a water carrier;

13 (2) an airline;

14 (3) a railway;

15 (4) a motor carrier registered under Chapter 643,  
16 Transportation Code; or

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

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

22 SUBCHAPTER F. HEMP CONSUMER DELIVERY LICENSE

23 Sec. 310.501. HEMP CONSUMER DELIVERY LICENSE. (a) The  
24 holder of a hemp consumer delivery license may contract with or  
25 employ a driver for the delivery of a consumable hemp product from  
26 the premises of the holder of a hemp manufacturer's or retailer's  
27 license to an ultimate consumer located in an area where the sale of

1 the product is legal.

2 (b) In determining whether the sale of consumable hemp  
3 products is legal in an area for purposes of Subsection (a), a  
4 person who sells or delivers a consumable hemp product under that  
5 subsection may consult a map or other publicly available  
6 information produced by the commission for the purpose of  
7 establishing where the sale of consumable hemp products is legal.

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

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

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

14 (A) the county in which the premises of the  
15 licensee making the sale is located;

16 (B) the city or town in which the premises of the  
17 licensee making the sale is located, if the licensee is located in a  
18 city or town; or

19 (C) an area not further than two miles beyond the  
20 municipal boundary of the city or town in which the premises of the  
21 licensee is located, if applicable.

22 (d) It is a defense to a prosecution alleging that an  
23 individual delivered a consumable hemp product under this chapter  
24 to an address located in an area that is dry for consumable hemp  
25 products delivered that:

26 (1) the individual or the holder of a hemp consumer  
27 delivery license relied on publicly available information produced

1 by the commission relating to the wet or dry classification of the  
2 address; and

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

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

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

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

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

14 (g) A consumable hemp product may be delivered under this  
15 section only to a person who is 21 years of age or older. The person  
16 making the delivery must verify that the purchaser or recipient is  
17 21 years of age or older as provided in Section 310.308.

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

20 (1) the person who purchased the product; or

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

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

26 (1) receives the product from the licensee during the  
27 licensee's hours of legal sale; and

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

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

10           (k) An action by a hemp consumer delivery licensee or by a  
11 delivery driver is not attributable to the hemp manufacturer or  
12 retailer with regard to:

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

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

19                   (3) any other provision of this code.

20           (1) A hemp manufacturer or retailer:

21                   (1) is not required to verify that the hemp consumer  
22 delivery licensee or the delivery driver has received delivery  
23 driver training under Subsection (p)(1); and

24                   (2) may not be held responsible for any reason under  
25 statutory or common law for the actions of a hemp consumer delivery  
26 licensee or a delivery driver acting on behalf of a hemp consumer  
27 delivery licensee.

1       (m) The actions of a delivery driver acting on behalf of a  
2 holder of a hemp consumer delivery license are not attributable to a  
3 holder of a hemp consumer delivery license if the license holder has  
4 not directly or indirectly encouraged the delivery driver to  
5 violate the law and the delivery driver:

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

8           (2) completed the delivery using a hemp delivery  
9 compliance software application that meets the requirements  
10 established under Subsection (p)(2).

11       (n) Notwithstanding Subsection (m), if it is found, after  
12 notice and hearing, that the licensee, an agent or employee of the  
13 licensee, or a person acting on behalf of the licensee delivered  
14 with criminal negligence a consumable hemp product to a minor or an  
15 intoxicated person, the commission or administrator may:

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

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

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

22       (o) It is a rebuttable presumption that a sale or delivery  
23 of a consumable hemp product to a minor or an intoxicated person was  
24 not made with criminal negligence if the delivery driver:

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

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

5           (p) The commission by rule shall:

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

10           (2) establish minimum requirements for hemp delivery  
11 compliance software applications.

12           (q) The commission shall implement a system that allows the  
13 holder of a hemp manufacturer's, retailer's, or consumer delivery  
14 license to verify in real time whether a delivery driver has a valid  
15 certification from the training program adopted under Subsection  
16 (p)(1).

17                           SUBTITLE D. PRODUCTS

18                           CHAPTER 320. PRODUCT REQUIREMENTS

19           Sec. 320.101. DOMESTIC SOURCING. All ingredients for  
20 consumable hemp products must originate from within the United  
21 States unless approved by the commission in its discretion.

22           Sec. 320.102. NATURAL INGREDIENTS. (a) All ingredients for  
23 consumable hemp products must be organic and not include  
24 genetically modified organisms unless approved by the commission in  
25 its discretion.

26           (b) Ingredients for consumable hemp products shall not  
27 include any artificial dyes or other artificial products unless



1 approved by the commission in its discretion.

2 Sec. 320.103. NATURAL CANNABINOIDS. Consumable hemp  
3 products shall not contain any converted or synthetic cannabinoids.

4 Sec. 320.104. ALLOWABLE FORMS OF CONSUMABLE HEMP PRODUCTS.

5 (a) Consumable hemp products may be in the form of oil-based  
6 tinctures or other consumable forms.

7 (b) Consumable hemp products other than tinctures may not  
8 resemble common snacks such as chips, candy, chewing gum, or other  
9 products attractive to children. Consumable hemp therapeutics  
10 other than tinctures may be in the form of gummies, pills, or mints  
11 so long as the packaging is not attractive to children and complies  
12 with Sections 322.101 and 322.102.

13 (c) Consumable hemp products may not be in a form of  
14 hemp-infused oils or other substances packaged for inhaling by  
15 heating the product.

16 Sec. 320.105. TOTAL THC CAP FOR CONSUMABLE HEMP PRODUCTS.

17 (a) The total tetrahydrocannabinol content for tinctures shall be  
18 equal to or less than 2.5 milligrams per one milliliter serving and  
19 75 milligrams per container subject to allowable variance rates and  
20 the measure of uncertainty.

21 (b) The total tetrahydrocannabinol content for other  
22 consumable therapeutics shall be equal to or less than 10  
23 milligrams per serving and 1 gram per container subject to  
24 allowable variance rates and the measure of uncertainty.

25 Sec. 320.106. CONSUMABLE HEMP PRODUCT REGISTRATION. (a) A  
26 consumable hemp product may not be offered for sale in this state  
27 unless the manufacturer of the product, before selling the product:

1           (1) submits an application for the consumable hemp  
2 product to be registered with the commission; and

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

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

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

11           (d) The commission shall maintain an updated product  
12 registration list on the commission's public Internet website,  
13 which must include front and back identifying pictures of each  
14 registered product.

15           (e) The commission may not approve for sale a consumable  
16 hemp product that:

17                   (1) contains any converted or synthetic cannabinoids;  
18 or

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

22           (f) The commission may make rules for the submission and  
23 requirements for an application.

24                   CHAPTER 321. NATURAL HEMP FLOWER

25           Sec. 321.101. TEXAS ORIGIN. Natural hemp flower  
26 distributed and sold in Texas must be grown in Texas.

27           Sec. 321.102. NO ADDITIVES. A grower, manufacturer,

1 distributor, or hemp retailer may not add any ingredient to natural  
2 hemp flower.

3 Sec. 321.103. PURCHASE LIMIT. No more than one ounce of  
4 natural hemp flower sold per customer per day.

5 Sec. 321.104. PACKAGING. All natural hemp flower must be  
6 sealed in a child resistant container labeled with the retail  
7 license number, hemp lab number, QR Code to COA, date of sale, and a  
8 certification that the total tetrahydrocannabinol content of less  
9 than 0.3% by dry weight.

10 Sec. 321.105. POSSESSION RESTRICTIONS. (a) An individual  
11 who does not hold a license under this Title may not possess more  
12 than one ounce of natural hemp flower.

13 (b) A person may not possesses an open container of natural  
14 hemp flower in a vehicle.

15 CHAPTER 322. PACKAGING, LABELING, AND ADVERTISING

16 Sec. 322.101. LABEL REQUIREMENTS. (a) Before a consumable  
17 hemp product that contains or is marketed as containing more than  
18 trace amounts of cannabinoids may be distributed or sold, the  
19 product must be labeled in the manner provided by this section with  
20 the following information:

- 21 (1) statement of identity;  
22 (2) product ingredients;  
23 (3) any relevant major food allergens identified in  
24 the U.S. Food Drug & Cosmetic Act;  
25 (4) batch identification number;  
26 (5) batch date;  
27 (6) product name;

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

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

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

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

9           (11) If the product contains tetrahydrocannabinols, a  
10 THC warning icon as promulgated by the commission.

11           (12) Warnings that:

12               (A) consumption of a hemp beverage will result in  
13 a positive drug test;

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

16               (C) consuming alcohol and hemp beverages  
17 together may result in unanticipated severe levels of intoxication;  
18 and

19               (D) consult your physician before consuming THC  
20 or cannabis products during pregnancy as doing so is not  
21 recommended for healthy mothers.

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

24               (1) a QR code that links:

25                   (A) to the commission's product registration  
26 list under Subsection (d); and

27                   (B) to the identifying picture of the product

1 provided on registration of the product with the commission under  
2 Subsection (d) for the purpose of confirming registration of the  
3 product and allowing verification of the product by law  
4 enforcement; and

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

7 (d) The label required by Subsection (a) must appear on each  
8 unit of the product intended for individual retail sale. If that  
9 unit includes inner and outer packaging, the label may appear on any  
10 of that packaging

11 (e) Packaging for consumable hemp products that contain  
12 tetrahydrocannabinols must be tamper evident and child resistant.

13 322.102. PACKAGING PROHIBITIONS. (a) A person shall not  
14 market, advertise, sell, or cause to be sold a consumable hemp  
15 product that:

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

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

19 (A) is in the shape of a human, animal, fruit, or  
20 cartoon or in another shape that is attractive to children;

21 (B) depicts an image of a human, animal, fruit,  
22 or cartoon or another image that is attractive to children;

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

25 (D) includes a symbol that is primarily used to  
26 market products to minors;

27 (E) includes an unauthorized image of a

1 celebrity; or

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

4 (b) In this section, a cartoon includes a depiction of an  
5 object, person, animal, creature, or any similar caricature that:

6 (1) uses comically exaggerated features and  
7 attributes;

8 (2) assigns human characteristics to animals, plants,  
9 or other objects; or

10 (3) has unnatural or extra-human abilities, such as  
11 imperviousness to pain or injury, x-ray vision, tunneling at very  
12 high speeds, or transformation.

13 Sec. 322.103. ADVERTISING REQUIREMENTS. (a) A consumable  
14 hemp product may not be advertised or promoted in any manner that is  
15 targeted or attractive to children or that could cause a reasonable  
16 person or child to confuse the product for medicine, candy, snacks,  
17 or other food products that are widely distributed and familiar to  
18 the public.

19 (b) No person may advertise or utilize signage that asserts  
20 consumable hemp products are safe because they are:

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

22 (2) tested by the state, commission, any other  
23 governmental entity, or a testing facility.

24 (c) No person may advertise consumable hemp products or any  
25 consumable hemp product business on any outdoor sign that is within  
26 1,000 feet of a school, church, public playground, day-care center,  
27 child-care center, homeless shelter, or substance abuse treatment

1 center. This prohibition does not apply to a licensee engaged in  
2 business unrelated to consumable hemp products if the advertisement  
3 does not promote consumable hemp products or the licensee's  
4 involvement with such products.

5 (d) The holder of a license issued under this title may not:

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

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

11 (e) The holder of a license issued under this title may not  
12 engage in marketing directed towards location-based devices,  
13 including cellular phones.

14 (f) The holder of a license issued under this title may not  
15 utilize unsolicited pop-up advertisements on the internet.

16 (g) The holder of a license issued under this title may not  
17 sponsor a charitable, sports, or similar event, nor may any person  
18 advertise consumable hemp products at such events.

19 (h) No person may advertise consumable hemp products using  
20 amplified sound from, or signs, pictures, or video on, a vehicle on  
21 a public street or highway.

22 (i) The commission shall adopt rules regarding the  
23 advertisement and promotion of consumable hemp products by  
24 licensees, which includes rules that restrict the advertisement or  
25 promotion of consumable hemp products to minors to the full extent  
26 permitted by the United States Constitution and Texas Constitution.

27 SUBTITLE E. ENFORCEMENT

1                   CHAPTER 340. PROHIBITIONS AND TESTING

2           Sec. 340.001. PROHIBITIONS. Notwithstanding any other law,  
3 a person may not sell, offer for sale, possess, distribute, or  
4 transport consumable hemp products in this state:

5                   (1) if the consumable hemp product contains any  
6 material extracted or derived from the plant Cannabis sativa L.,  
7 other than from hemp produced in compliance with 7 U.S.C. Chapter  
8 38, Subchapter VII;

9                   (2) unless a sample representing the consumable hemp  
10 product has been tested by a laboratory in compliance with Chapter  
11 305; and

12                   (3) if the consumable hemp product is not labeled with  
13 the license numbers of the manufacturer and testing lab that  
14 performed the compliance testing for the product's batch.

15           (c) The commission and the Department of Public Safety shall  
16 establish a process for the random testing of consumable hemp  
17 products at various retail and other establishments that sell,  
18 offer for sale, distribute, or use the products to ensure that they:

19                   (1) do not contain harmful ingredients;

20                   (2) are produced in compliance with 7 U.S.C. Chapter  
21 38, Subchapter VII; and

22                   (3) have a tetrahydrocannabinol content in compliance  
23 with Sections 1.04(35), 59.11, and 320.105.

24           Sec. 350.002. DECEPTIVE TRADE PRACTICE. (a) A person who  
25 sells, offers for sale, or distributes consumable hemp products  
26 that the person claims is processed or manufactured in compliance  
27 with this title commits a false, misleading, or deceptive act or



practice actionable under Subchapter E, Chapter 17, Business & Commerce Code, if the consumable hemp product is not processed or manufactured in accordance with this title.

(b) A person who sells, offers for sale, or distributes consumable hemp products commits a false, misleading, or deceptive act or practice actionable under Subchapter E, Chapter 17, Business & Commerce Code, if the consumable hemp product:

(1) contains harmful ingredients;

(2) is not produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII; or

(3) has a tetrahydrocannabinol content in compliance with Sections 1.04(35), 59.11, 320.105.

#### SUBCHAPTER B. CRIMINAL OFFENSES

Sec. 350.251. OFFENSE: MANUFACTURE, DELIVERY, OR POSSESSION WITH INTENT TO DELIVER CERTAIN CONSUMABLE HEMP PRODUCTS.

(a) A person commits an offense if the person knowingly manufactures, delivers, or possesses with intent to deliver a consumable hemp product that contains synthetic or converted cannabinoids or an amount of delta-9 tetrahydrocannabinol that exceeds the limits in Sections 1.04(35), 59.11, and 320.105.

(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. 350.252. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE HEMP PRODUCTS. (a) A person commits an offense if the person knowingly or intentionally possesses a consumable hemp product that

1 contains synthetic or converted cannabinoids or an amount of  
2 delta-9 tetrahydrocannabinol that exceeds the limits in Sections  
3 1.04(35), 59.11, and 320.105.

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

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

8 Sec. 350.253. OFFENSE: SALE OR DELIVERY OF CONSUMABLE HEMP  
9 PRODUCTS NEAR SCHOOL. (a) In this section, "school" and "premises"  
10 have the meanings assigned by Section 481.134, Health & Safety  
11 Code.

12 (b) A person commits an offense if the person sells, offers  
13 for sale, or delivers a consumable hemp product in, on, or within  
14 1,000 feet of the premises of a school.

15 (c) An offense under this section is a Class B misdemeanor.

16 Sec. 350.254. OFFENSE: FALSE LABORATORY REPORT. (a) A  
17 person commits an offense if the person, with the intent to deceive,  
18 forges, falsifies, or alters the results of a laboratory test  
19 authorized or required by this chapter.

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

#### 22 SUBTITLE F. ADVISORY WORKING GROUP

23 Sec. 360.101. ADVISORY WORKING GROUP. (a) To assist the  
24 commission in rulemaking and the development of a rigorous  
25 licensing and enforcement system for hemp beverages and consumable  
26 hemp products, the commission may establish an advisory working  
27 group.

1        (b) The working group must include representatives from the  
2 Department of State Health Services and the Department of Public  
3 Safety.

4        (c) The working group must include at least one person from  
5 each of the following categories: local law enforcement, a  
6 scientist familiar with cannabis lab testing issues, an attorney  
7 familiar with cannabis regulation, a hemp retailer, a hemp products  
8 manufacture, a hemp beverage manufacturer, and a hemp beverage  
9 brand.

10        SECTION 61. Section 122.151(a), Agriculture Code, is  
11 amended to read as follows

12        Sec. 122.151. TESTING LABORATORIES. (a) Subject to  
13 Subsection (b), testing under this subchapter or Section 122.053  
14 must be performed by:

- 15            (1) the department;
- 16            (2) an institution of higher education; or
- 17            (3) an independent testing laboratory registered  
18 under Section 122.152 and licensed under Chapter 302, Alcoholic  
19 Beverage Code.

20        SECTION 62. Section 431.011, Health & Safety Code, is  
21 amended to read as follows:

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

1 (b) Except as provided by Subsection (c), this chapter  
2 applies to the conduct of a person who holds a license under Title  
3 7, Alcoholic Beverage Code [~~Chapter 443~~].

4 (c) A person who holds a license under Title 7, Alcoholic  
5 Beverage Code [~~Chapter 443~~] related to the processing of hemp or the  
6 manufacturing of a consumable hemp product regulated under that  
7 chapter and is engaging in conduct within the scope of that license  
8 is not required to hold a license as a food manufacturer or food  
9 wholesaler under Subchapter J.

10 SECTION 63. Chapter 501, Elections Code, is amended by  
11 amending sections 501.001(1) and (3), 501.021, 501.023, 501.024,  
12 501.025, 501.027, 501.028, 501.034, 501.035, 501.107, 501.109,  
13 501.151, and 501.154 to read as follows:

14 Sec. 501.001. DEFINITIONS. In this chapter:

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

19 (3) "Premises" has the meaning assigned by Section  
20 11.49 or Section 301.001(20), Alcoholic Beverage Code, as  
21 applicable.

22 Sec. 501.021. ELECTION TO BE HELD BY PETITION. On proper  
23 petition by the required number of voters of a county, justice  
24 precinct, or municipality in the county, the commissioners court  
25 shall order a local option election in the political subdivision to  
26 determine whether the sale of consumable hemp products or alcoholic  
27 beverages of one or more of the various types and alcoholic contents

1 shall be prohibited or legalized in the political subdivision.

2       Sec. 501.023. APPLICATION FOR PETITION. (a) If 10 or more  
3 qualified voters of any county, justice precinct, or municipality  
4 file a written application and provide proof of publication of  
5 notice in a newspaper of general circulation in that political  
6 subdivision, the county clerk of the county shall issue to the  
7 applicants a petition to be circulated among the qualified voters  
8 of the political subdivision for the signatures of those qualified  
9 voters who desire that a local option election be called for the  
10 purpose of determining whether the sale of consumable hemp products  
11 or alcoholic beverages of one or more of the various types and  
12 alcoholic contents shall be prohibited or legalized in the  
13 political subdivision. The notice must include:

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

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

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

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

21       Sec. 501.024. HEADING, STATEMENT, AND ISSUE ON APPLICATION  
22 FOR PETITION TO PROHIBIT. (a) An application for a petition seeking  
23 an election to prohibit the sale of consumable hemp products or  
24 alcoholic beverages of one or more of the various types and  
25 alcoholic contents must be headed: "Application for Local Option  
26 Election Petition to Prohibit."

27       (b) The application must contain a statement just ahead of

1 the signatures of the applicants, as follows: "It is the hope,  
2 purpose and intent of the applicants whose signatures appear hereon  
3 to see prohibited the sale of [consumable hemp products or  
4 alcoholic beverages, as applicable] referred to in the issue set  
5 out above."

6 Sec. 501.025. HEADING, STATEMENT, AND ISSUE ON APPLICATION  
7 FOR PETITION TO LEGALIZE. (a) An application for a petition seeking  
8 an election to legalize the sale of consumable hemp products or  
9 alcoholic beverages of one or more of the various types and  
10 alcoholic contents must be headed: "Application for Local Option  
11 Election Petition to Legalize."

12 (b) The application must contain a statement just ahead of  
13 the signatures of the applicants, as follows: "It is the hope,  
14 purpose and intent of the applicants whose signatures appear hereon  
15 to see legalized the sale of consumable hemp products or alcoholic  
16 beverages referred to in the issue set out above."

17 Sec. 501.027. HEADING AND STATEMENT ON PETITION TO  
18 PROHIBIT. (a) Each page of the petition for a local option  
19 election seeking to prohibit the sale of consumable hemp products  
20 or alcoholic beverages of one or more of the various types and  
21 alcoholic contents must be headed "Petition for Local Option  
22 Election to Prohibit."

23 (b) The petition must contain a statement just ahead of the  
24 signatures of the petitioners, as follows: "It is the hope, purpose  
25 and intent of the petitioners whose signatures appear hereon to see  
26 prohibited the sale of [consumable hemp products or alcoholic  
27 beverages, as applicable] referred to in the issue set out above."

1           Sec. 501.028.   HEADING   AND   STATEMENT   ON   PETITION   TO  
2   LEGALIZE.   (a)   Each page of the petition for a local option  
3   election seeking to legalize the sale of consumable hemp products  
4   or alcoholic beverages of one or more of the various types and  
5   alcoholic contents must be headed "Petition for Local Option  
6   Election to Legalize."

7           (b)   The petition must contain a statement just ahead of the  
8   signatures of the petitioners, as follows: "It is the hope, purpose  
9   and intent of the petitioners whose signatures appear hereon to see  
10   legalized the sale of [consumable hemp products or alcoholic  
11   beverages, as applicable] referred to in the issue set out above."

12          Sec. 501.034.   ISSUES TO APPEAR IN ORDER FOR ELECTION.   (a)  
13   The election order must state in its heading and text whether the  
14   local option election to be held is for the purpose of prohibiting  
15   or legalizing the sale of consumable hemp products or the alcoholic  
16   beverages set out in the issue recited in the application and  
17   petition.

18          Sec. 501.035.   ISSUES.

19          (b)   In an area where consumable hemp products or any type or  
20   classification of alcoholic beverages is prohibited and the issue  
21   submitted pertains to legalization of the sale of one or more of the  
22   prohibited types or classifications, the ballot shall be prepared  
23   to permit voting for or against the one of the following issues that  
24   applies:

25                   (11)   "The legal sale of consumable hemp products."

26                   (12)   "The legal sale of hemp beverages."

27          (c)   In an area where the sale of consumable hemp products or

1 any type or classification of alcoholic beverages has been  
2 legalized, the ballot for a prohibitory election shall be prepared  
3 to permit voting for or against the one of the following issues that  
4 applies:

5           (11) "The legal sale of consumable hemp products."

6           (12) "The legal sale of hemp beverages."

7           Sec. 501.107. COUNTY PAYMENT OF ELECTION EXPENSES. The  
8 county shall pay the expense of holding a local option election  
9 authorized by this chapter in the county, justice precinct, or  
10 municipality in that county except that:

11           (2) county payment of the expense of an election to  
12 legalize the sale of consumable hemp products or alcoholic  
13 beverages is limited to the holding of one election in a political  
14 subdivision during a one-year period; and

15           (3) county payment of the expense of an election to  
16 prohibit the sale of consumable hemp products or alcoholic  
17 beverages is limited to the holding of one election in a political  
18 subdivision during a one-year period.

19           Sec. 501.109. ELECTION IN MUNICIPALITIES. (a) This  
20 section applies only to an election to permit or prohibit the legal  
21 sale of consumable hemp products or alcoholic beverages of one or  
22 more of the various types and alcoholic contents in a municipality.

23           Sec. 501.151. DECLARATION OF RESULT.

24           (b) In a prohibitory election, if a majority of the votes  
25 cast do not favor the issue "The legal sale. . .," the court's order  
26 must state that the sale of consumable hemp products or the type or  
27 types of beverages stated in the issue at the election is prohibited



1 effective on the 30th day after the date the order is entered. The  
2 prohibition remains in effect until changed by a subsequent local  
3 option election held under this chapter.

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

10 Sec. 501.154. POSTING ORDER PROHIBITING SALE. (a) A  
11 commissioners court order declaring the result of a local option  
12 election and prohibiting the sale of any or all types of consumable  
13 hemp products or alcoholic beverages must be published by posting  
14 the order at three public places in the county or other political  
15 subdivision in which the election was held.

16 Section 63. Chapter 151, Tax Code, is amended by adding  
17 Section 151.001 as follows:

18 Sec. 151.011. CONSUMABLE HEMP PRODUCTS. Consumable hemp  
19 products, as defined in Section 1.04, Alcoholic Beverage Code, sold  
20 or served to an ultimate consumer by the holder of a license issued  
21 under Title 7, Alcoholic Beverage Code, qualify as taxable items  
22 under this chapter.

23 SECTION 64. Subchapter A, Chapter 183, Tax Code, is amended  
24 by adding Section 183.002 to read as follows:

25 Sec. 183.002. CERTAIN HEMP BEVERAGES. For purposes of this  
26 chapter, a mixed beverage includes a hemp beverage as defined by  
27 Section 1.04, Alcoholic Beverage Code.

1           SECTION 65. Chapter 443, Health & Safety Code is repealed  
2 effective January 1, 2027:

3           SECTION 66. (a) Subject to Subsection (b), the  
4 administrator by order may waive or modify a requirement or  
5 standard of this code as it applies to consumable hemp products or  
6 hemp beverages and the licensees or permittees that manufacture,  
7 distribute, or sell those products or beverages if the  
8 administrator determines that the waiver or modification:

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

11                   (2) will not negatively impact public health, safety,  
12 or welfare; and

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

14           (b) A waiver or modification ordered by the administrator  
15 may not extend past the last day of the first regular session of the  
16 Legislature that begins after the waiver or modification goes into  
17 effect. The waiver or modification may not be renewed, nor may a new  
18 substantially similar waiver or modification be ordered.

19           (c) This section expires on the last day of the regular  
20 session of the 91st Legislature.

21           SECTION 67. As soon as practicable after the effective date  
22 of this Act:

23                   (1) the executive commissioner of the Health and Human  
24 Services Commission shall adopt the rules required by Section  
25 101.6702, Alcoholic Beverage Code, as added by this Act, and  
26 Section 443.2025(g), Health and Safety Code, as amended by this  
27 Act, and any other rules necessary to implement the changes in law

1 made by this Act to Chapter 443, Health and Safety Code; and

2 (2) the Texas Alcoholic Beverage Commission shall  
3 adopt rules to implement the changes in law made by this Act.

4 (3) The Comptroller may adopt rules to implement the  
5 collection of taxes imposed under Chapters 203 and 207, Alcoholic  
6 Beverage Code, relating to hemp beverages and consumable hemp  
7 products. The rules may include requiring reports by holders of  
8 licenses and permits issued by the Texas Alcoholic Beverage  
9 Commission relating to the manufacture, sale, and use of hemp  
10 beverages and consumable hemp products.

11 (4) Section 2001.0045, Government Code, does not apply  
12 to rules adopted under this act.

13 SECTION 68. Effective September 1, 2025, a person holding a  
14 license, permit, or registration issued under Chapter 443, Health &  
15 Safety Code may continue to operate under that license, permit, or  
16 registration until that license, permit, or registration expires.  
17 The Department of State Health Services may not renew a license,  
18 permit, or registration unless it complies with this Act.

19 SECTION 69. The following provisions of this Act take  
20 effect September 1, 2025:

21 (a) SECTIONS 28, 35 through 44, 50, and 60.

22 (b) SECTION 60, Section 301.001, Chapter 305, Sections  
23 320.101-.105, Chapter 321, Chapter 350.

24 SECTION 70. Except as otherwise provided by this Act, this  
25 Act takes effect January 1, 2027.f