

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

**Spectrum:** Partisan Bill (Republican 11-0)

**Status:** (*Engrossed*) 2025-05-25 - Record vote [\[SB3 Detail\]](#)

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89R27353 MPF/CJD-D

By: Perry, et al.

S.B. No. 3

(King)

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

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of products derived from hemp, including

consumable hemp products and hemp beverages and the hemp-derived

cannabinoids contained in those products; requiring occupational licenses and permits; imposing fees; creating criminal offenses; authorizing civil penalties; imposing taxes.

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

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

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

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

January 1, 2027.

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

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

with:

- (1) 7 U.S.C. Section 1639p;
- (2) Chapter 122; and
- (3) Title 7, Alcoholic Beverage Code [Chapter 443,

Health and Safety Code].

SECTION 2. Effective January 1, 2027, Section 122.001(3),

Agriculture Code, is amended to read as follows:

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

- (A) on premises owned, operated, or controlled by

a license holder for any period of time; or

- (B) in a vehicle for any period of time other than

during the actual transport of the plant from a premises owned,

operated, or controlled by a license holder to:

- (i) a premises owned, operated, or

controlled by another license holder; or

- (ii) a person licensed under Title 7,

Alcoholic Beverage [Chapter 443, Health and Safety] Code.

SECTION 3. Section 122.001(8), Agriculture Code, is amended

to read as follows:

- (8) "Nonconsumable hemp product" means a product that

contains hemp, other than a consumable hemp product as defined by  
Section 1.04, Alcoholic Beverage [443.001, Health and Safety] Code.

The term includes cloth, cordage, fiber, fuel, paint, paper,  
particleboard, and plastics derived from hemp.

SECTION 4. Effective January 1, 2027, Section 122.101(b),  
Agriculture Code, is amended to read as follows:

(b) A person is not required to hold a license under this  
subchapter to manufacture a consumable hemp product in accordance  
with Subtitle A, Title 6, Health and Safety Code, and Title 7,  
Alcoholic Beverage Code.

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

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

- (1) the department;
- (2) an institution of higher education; or
- (3) an independent testing laboratory:

(A) registered under Section 122.152; and

(B) licensed under Chapter 302, Alcoholic  
Beverage Code.

SECTION 6. Section 122.301(b), Agriculture Code, is amended to read as follows:

(b) A state agency may not authorize a person to manufacture a product containing hemp for the burning or igniting of the hemp and inhaling the smoke or heating the hemp and inhaling the resulting vapor or aerosol [smoking, as defined by Section 443.001, Health and Safety Code].

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

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

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

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

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

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

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

(i) the concentration of cannabinoid analytes;

(ii) data on the level of tetrahydrocannabinols; or

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

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

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

(34) "Hemp" has the meaning assigned by Section

121.001, Agriculture Code.

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

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

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

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

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

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

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

SECTION 8. The heading to Section 5.05, Alcoholic Beverage

Code, is amended to read as follows:

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

SECTION 9. Sections 5.05(a) and (d), Alcoholic Beverage

Code, are amended to read as follows:

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

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

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

(B) at least five percent cumulative interest, including the right to share in profits, proceeds, or capital



gains, in multiple alcoholic beverage or consumable hemp product businesses; or

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

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

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

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

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

Sec. 5.17. SUITS AGAINST THE COMMISSION: VENUE. In all suits against the commission, except appeals governed by Section

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

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

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

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

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

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

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

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

(5) an attorney with expertise in cannabis regulation;

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

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

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

holds a permit under Chapter 59; and

(9) a person licensed under Chapter 64 or 66 who also

holds a permit under Chapter 59.

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

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

(b) The commission shall:

(1) protect the public safety by deterring and

detecting violations of this code;

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

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

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

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

(6) promote and foster voluntary compliance with this code; and

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

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

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

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

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

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

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

SECTION 16. Sections 5.362(b) and (d), Alcoholic Beverage Code, are amended to read as follows:

(b) For each violation for which a license or permit may be

suspended, the schedule of sanctions must include the number of days a permit or license would be suspended and the corresponding civil penalty under Section 11.64 or 310.027.

(d) The schedule must:

(1) allow deviations from the schedule for clearly established mitigating circumstances, including circumstances listed in Sections [Section] 11.64(c) and 310.027(b), or aggravating circumstances; and

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

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

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

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

(d) The commission may require a test of the contents of a hemp beverage or consumable hemp product manufactured or sold in

this state for the same purposes provided for testing alcoholic beverages under Subsection (c). The commission may use a hemp testing lab licensed under Chapter 301 to conduct testing under this subsection.

SECTION 19. Section 5.48(a), Alcoholic Beverage Code, is amended to read as follows:

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

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

(b-1) The commission shall develop a process for setting fees that ensures the amount of the fees for an original or renewal certificate, permit, or license is sufficient to cover the costs incurred by the commission in administering this code. The process must:

(1) allow the commission to:

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

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

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

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

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

(b) The commission shall gather input from a diverse group of representatives of the alcoholic beverage and consumable hemp



product industries [industry] regarding regulatory issues and interpretations of this code and commission rules.

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

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

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

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

(a) When the commission or administrator is authorized to suspend a permit or license under this code, the commission or administrator shall give the permittee or licensee the opportunity to pay a civil penalty rather than have the permit or license suspended, unless the basis for the suspension is a violation of Section 11.61(b)(14), 22.12, 28.11, 32.17(a)(2), 32.17(a)(3), 61.71(a)(5), 61.71(a)(6), 61.74(a)(14), 69.13, 71.09, 101.04, 101.63, 104.01(a)(4), 106.03, 106.06, or 106.15, the sale or offer

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

or permittee does not pay the penalty before the sixth day after the commission or administrator notifies the licensee or permittee [him] of the amount, the commission or administrator shall impose the suspension.

SECTION 23. Sections 28.01(a) and (c), Alcoholic Beverage Code, are amended to read as follows:

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

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

(2) from unsealed containers.

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

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

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

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

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

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

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

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

(a-1) The holder of a carrier permit who holds a hemp beverage permit may transport hemp beverages into and out of this

state and between points within the state to a person authorized to sell or possess hemp beverages. The holder may transport hemp beverages from one wet area to another wet area across a dry area if that course of transportation is necessary or convenient.

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

#### CHAPTER 59. HEMP BEVERAGE PERMIT

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

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

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

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

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

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

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

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

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

- (1) \$1,800 for the holder of a package store permit;
- (2) \$2,650 for the holder of a mixed beverage permit or  
private club registration permit;
- (3) \$1,100 for the holder of a carrier's permit;

(4) \$10,000 for the holder of a consumer delivery permit;

(5) \$5,000 for the holder of a brewer's license or nonresident brewer's license;

(6) \$5,000 for the holder of a general distributor's license or branch distributor's license;

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

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

Sec. 59.05. PACKAGING AND ADVERTISING OR PROMOTION OF HEMP

BEVERAGE. (a) A hemp beverage package or container:

(1) must not:

(A) be attractive to children;

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

(C) be stocked near products described in

Paragraph (B); and

(2) must be tamper evident and child resistant.

(b) A hemp beverage may not be advertised or promoted in any manner that is attractive to children or that could cause a

reasonable individual or child to confuse the hemp beverage for  
soda, medicine, or other beverage products that are widely  
distributed and familiar to the public.

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

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

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

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

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

(4) consult your physician before consuming hemp



beverages during pregnancy as doing so is not recommended for mothers.

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

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

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

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

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

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

(1) personally inspecting the provided proof of identification;

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

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

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

(c) A proof of identification provided by a purchaser or recipient under this section must contain a physical description and photograph consistent with the person's appearance, purport to establish that the person is 21 years of age or older, and have been

issued by a governmental agency. The proof of identification may include a driver's license or identification certificate issued by the Department of Public Safety, a passport, or a military identification card.

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

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

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

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

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

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

(c) If the holder of a hemp beverage permit authorized to

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

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

Sec. 59.10. MULTI-SERVING HEMP BEVERAGE CONTAINER. (a) In this section, "multi-serving hemp beverage" means a beverage that meets all of the requirements of a hemp beverage, except that the beverage is contained in a bottle, keg, or other container that collectively contains more than 10 milligrams of delta-9 tetrahydrocannabinol.

(b) Subject to the restrictions in this section, a hemp beverage permit holder that also holds a brewer's license, nonresident brewer's license, or brewpub license may produce multi-serving hemp beverages. The permit holder may:

(1) sell multi-serving hemp beverages to a hemp beverage permit holder that also holds a brewer's license, nonresident brewer's license, general distributor's license, or branch distributor's license, or to qualified persons outside this

state in compliance with that state's law; and

(2) if the permit holder is also licensed under

Chapter 62A, self-distribute multi-serving hemp beverages to  
licensed hemp retailers.

(c) A hemp beverage permit holder that also holds a general  
distributor's license or branch distributor's license may receive  
multi-serving hemp beverages from authorized brewers as provided in  
Subsection (b) and general and branch distributors that also hold a  
hemp beverage permit. The distributor may only sell multi-serving  
hemp beverages to a hemp beverage permit holder that is also a mixed  
beverage permit holder, private club registration permit holder,  
hemp retailer, general distributor's license holder, branch  
distributor's license holder, local distributor's permit holder, or  
a package store permit holder.

(d) A hemp beverage permit holder that also holds a package  
store permit may sell multi-serving hemp beverages to ultimate  
consumers for off-premise consumption only and not for the purpose  
of resale.

(e) A hemp beverage permit holder that also holds a local  
distributor's permit may sell multi-serving hemp beverages for

resale, but only to a hemp beverage permit holder that is also a mixed beverage permit holder, private club registration permit holder, or hemp retailer.

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

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

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

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

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

(i) A hemp beverage permit holder that also holds a mixed

beverage permit, private club registration permit, or on-premise  
hemp retailer's license may use multi-serving hemp beverages to  
serve, mix, or pour a hemp beverage for sale to an ultimate  
consumer.

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

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

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

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

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

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

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

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

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

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

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

(b) On receipt of an application for a license under this subtitle [code], the commission shall follow the procedure under Section 11.43.

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

(b) The commission may give due consideration to the



recommendations of a person listed under Subsection (a) when evaluating an application for a license under this subtitle [code].

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

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

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

(b) The commission shall deny an application for an original or renewal license authorizing on-premises consumption of alcoholic beverages if the commission has reasonable grounds to believe and finds that, during the three years preceding the date the license application was filed, a license or permit previously held under this subtitle [code] by the applicant, a person who owns the premises for which the license is sought, or an officer of a

person who owns the premises for which the license is sought was canceled or not renewed as a result of a shooting, stabbing, or other violent act.

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

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

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

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

(c) Notwithstanding Subsection (a), the holder of a general distributor's license who also holds a hemp beverage permit may

only distribute or sell hemp beverages to:

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

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

SECTION 36. Section 64.08(a), Alcoholic Beverage Code, is amended to read as follows:

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

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

(a) In this section "malt beverages for export" means malt beverages a distributor holds for export to another state in which the distributor has been assigned a territory for the distribution and sale of the malt beverages. The term includes malt beverages that are illegal to sell in this state because of alcohol content,

containers, packages, or labels. The term does not include hemp beverages that are illegal to sell in this state because of content, containers, packages, or labels.

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

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

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

Sec. 74.10. SALES OF HEMP BEVERAGES TO RETAILERS AND DISTRIBUTORS. (a) Notwithstanding any other provision of this chapter, a holder of a brewpub license who also holds a hemp beverage permit may manufacture hemp beverages.

(b) A holder of a brewpub license who also holds a hemp

beverage permit and a mixed beverage permit may sell hemp beverages to ultimate consumers as provided under this section.

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

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

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

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

(a) A search warrant may issue under Chapter 18, Code of

Criminal Procedure, 1965, as amended, to search for, seize, and destroy or otherwise dispose of in accordance with this code:

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

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

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

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

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

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

subsection.

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

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

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

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

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

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

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

(2) the alcohol content by volume.

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

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

(2) the percentage and total amount in milligrams of

each cannabinoid contained in the beverage;

(3) a warning that consumption of the beverage impairs

a person's ability to drive a car or operate machinery, may cause

health problems, and may result in a positive drug test;

(4) a warning that the consumer should consult a

physician before consuming a hemp beverage during pregnancy as

doing so is not recommended for mothers; and

(5) a warning that consuming alcohol and hemp

beverages together may result in unanticipated severe levels of

intoxication.

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

Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT

PROHIBITED. (a) A person may not manufacture, sell, barter, or exchange a beverage that contains more than one-half of one percent alcohol by volume and not more than five percent alcohol by volume, except malt beverages, wine coolers, and spirit coolers.



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

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

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

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

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

(d) On registration of a certificate of label approval

issued by the United States Alcohol and Tobacco Tax and Trade Bureau

or a certificate of analysis issued by a hemp testing laboratory, as

applicable, the commission shall approve the product under this

section and issue a letter to that effect to the licensee unless the

commission determines the product, despite having a valid federal

certificate of label approval or a certificate of analysis issued

by a hemp testing laboratory, would create a public safety concern,

create a cross-tier violation, or otherwise violate this code.

(e) Not later than the 30th day after the date the

commission receives an application for registration of a product

under this section, the commission shall either approve or deny the

registration application. If the commission denies the application

for a product with a valid federal certificate of label approval or

a certificate of analysis issued by a hemp testing laboratory or

fails to act on the application within the time required by this

subsection, the licensee submitting the application is entitled to

an administrative hearing before the State Office of Administrative

Hearings.

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

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

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

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

SECTION 47. Section 101.6701, Alcoholic Beverage Code, is  
amended by adding Subsection (e) to read as follows:

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

SECTION 48. Subchapter D, Chapter 101, Alcoholic Beverage  
Code, is amended by adding Section 101.6702 to read as follows:

Sec. 101.6702. HEMP BEVERAGE AUTHORIZATION. (a) The  
commission shall by rule develop a process by which a sample  
representing a hemp beverage is tested and approved by the  
commission before the beverage is made available for sale or

otherwise introduced into commerce in this state.

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

(c) The commission shall ensure that each hemp beverage container, including containers for multi-serving hemp beverages as that term is defined under Section 59.10, has a delta-9 tetrahydrocannabinol content that complies with the requirements of this code.

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

SECTION 49. Sections 101.70(a) and (c), Alcoholic Beverage Code, are amended to read as follows:

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

assists in maintaining the nuisance commits an offense.

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

(1) that this code will not be violated;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) A person who sells a minor an alcoholic beverage or a consumable hemp product does not commit an offense if the minor falsely represents the minor [himself] to be 21 years old or older by displaying an apparently valid proof of identification that contains a physical description and photograph consistent with the

minor's appearance, purports to establish that the minor is 21 years of age or older, and was issued by a governmental agency. The proof of identification may include a driver's license or identification card issued by the Department of Public Safety, a passport, or a military identification card.

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

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

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

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

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

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



guardian, or spouse.

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

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

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

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

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

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

SECTION 59. The heading to Section 106.05, Alcoholic Beverage Code, is amended to read as follows:

Sec. 106.05. POSSESSION OF ALCOHOL OR CONSUMABLE HEMP PRODUCT BY A MINOR.

SECTION 60. Sections 106.05(a), (b), and (d), Alcoholic Beverage Code, are amended to read as follows:

(a) Except as provided in Subsection (b) of this section, a minor commits an offense if the minor [he] possesses an alcoholic beverage or a consumable hemp product.

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

(1) while in the course and scope of the minor's employment if the minor is an employee of a licensee or permittee and the employment is not prohibited by this code;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) A judge, acting under Chapter 42A, Code of Criminal Procedure, who places a defendant charged with an offense under this section on community supervision under that chapter shall, if the defendant committed the offense at a gathering where

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

(1) require the defendant to:

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

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

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

(e) Community service ordered under Subsection (d) is in addition to any community service ordered by the judge under Article 42A.304, Code of Criminal Procedure, and must be related to education about or prevention of misuse of alcohol or drugs if programs or services providing that education are available in the community in which the court is located. If programs or services

providing that education are not available, the court may order community service that the court considers appropriate for rehabilitative purposes.

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

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

SECTION 64. The heading to Section 106.071, Alcoholic Beverage Code, is amended to read as follows:

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

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

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

SECTION 66. The heading to Section 106.115, Alcoholic

Beverage Code, is amended to read as follows:

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

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

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

(b-2) For purposes of Subsection (b-1), if the defendant is  
enrolled in an institution of higher education located in a county  
in which access to an alcohol awareness or substance misuse  
education program is readily available, the court may consider the

defendant to be a resident of that county. If the defendant is not enrolled in such an institution of higher education or if the court does not consider the defendant to be a resident of the county in which the institution is located, the defendant's residence is the residence listed on the defendant's driver's license or personal identification certificate issued by the Department of Public Safety. If the defendant does not have a driver's license or personal identification certificate issued by the Department of Public Safety, the defendant's residence is the residence on the defendant's voter registration certificate. If the defendant is not registered to vote, the defendant's residence is the residence on file with the public school district on which the defendant's enrollment is based. If the defendant is not enrolled in public school, the defendant's residence is determined by the court.

(c) The court shall require the defendant to present to the court, within 90 days of the date of final conviction, evidence in the form prescribed by the court that the defendant, as ordered by the court, has satisfactorily completed an alcohol awareness or substance misuse education program or performed the required hours of community service. For good cause the court may extend this



period by not more than 90 days. If the defendant presents the required evidence within the prescribed period, the court may reduce the assessed fine to an amount equal to no less than one-half of the amount of the initial fine.

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

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

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

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

(2) may order the defendant or the parent, managing conservator, or guardian of the defendant to do any act or refrain from doing any act if the court determines that doing the act or

refraining from doing the act will increase the likelihood that the defendant will present evidence to the court that the defendant has satisfactorily completed an alcohol awareness or substance misuse education program or performed the required hours of community service.

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

(a) Except as provided in Subsections (b) and (c) of this section, the commission or administrator may cancel or suspend for not more than 90 days a retail license or permit issued under this code or a private club registration permit if it is found, on notice and hearing, that the licensee or permittee with criminal negligence sold, served, dispensed, or delivered an alcoholic beverage or consumable hemp product to a minor or with criminal negligence permitted a minor to violate Section 106.04 or 106.05 of this code on the licensed premises.

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

(a-1) In addition to the requirements in Subsection (a), an employee's actions are not attributable to the employer if the

employee sells, serves, dispenses, or delivers hemp beverages as authorized under Chapter 59 on the employer's premises and the employee has attended the annual hemp beverage training required under Section 59.09.

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

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

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

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

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

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

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

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

(a) Except as provided by Subsection (c), a [A] person who is relocating a household may import, or contract with a motor

carrier or another person to import, a personal malt beverage, wine, or distilled spirit collection as a part of that person's household goods.

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

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

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

Sec. 109.02. REGISTRATION OF BEVERAGES OR CONSUMABLE HEMP PRODUCTS WITH COMMISSION. Immediately after taking possession of the alcoholic beverages or consumable hemp products, the insurer or insurance salvor shall register them with the commission,

furnishing the commission a detailed inventory and the exact location of the beverages or products. At the time of registration, the registrant shall post with the commission a surety bond in an amount that the administrator finds adequate to protect the state against the taxes due on the beverages or products, if any are due. The registrant shall remit with the registration a fee of \$10. The fee only permits the sale of the beverages or products listed in the registration.

Sec. 109.03. PREREQUISITE TO SALABILITY. An alcoholic beverage or consumable hemp product is salable under this subchapter only if it has not been adulterated, it is fit for human consumption, all tax stamps required by law have been affixed, and the labels are legible as to contents, brand, and manufacturer.

SECTION 74. Subchapter A, Chapter 109, Alcoholic Beverage Code, is amended by adding Section 109.055 to read as follows:

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

(a) When the commission is notified under this subchapter of the acquisition of consumable hemp products or their containers or original packages, the commission shall immediately notify a holder of a hemp distributor's license who handles the brand of consumable

hemp products or the holder of the hemp manufacturer's license who produced the products.

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

(c) If the distributor or manufacturer does not exercise the right to purchase the consumable hemp products within 10 days after being given the opportunity to purchase, the insurer or insurance salvor may sell the products to any qualified consumable hemp product licensee in the same manner provided for the sale of alcoholic beverages in Section 109.01.

SECTION 75. Section 109.06, Alcoholic Beverage Code, is amended to read as follows:

Sec. 109.06. PURCHASER'S RIGHT TO USE BEVERAGES OR CONSUMABLE HEMP PRODUCTS. A permittee or licensee who purchases

alcoholic beverages or consumable hemp products under this subchapter may treat them as other alcoholic beverages or consumable hemp products acquired by the permittee or licensee [him] as provided in this code.

SECTION 76. Section 109.21(a), Alcoholic Beverage Code, is amended to read as follows:

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

SECTION 77. Title 5, Alcoholic Beverage Code, is amended by adding Chapter 202 to read as follows:

#### CHAPTER 202. CONSUMABLE HEMP PRODUCTS TAX

Sec. 202.001. TIMELY FILING: DILIGENCE. A person filing a report or making a tax payment complies with the filing requirements for timeliness for a report not filed or a payment not made on time if the person exercised reasonable diligence to comply with the filing requirements and the failure to file or the making of a late payment is not the fault of the person.

Sec. 202.002. "FIRST SALE" DEFINED. In this chapter,



"first sale" means the first sale of a consumable hemp product by the holder of a hemp manufacturer's license or an out-of-state hemp manufacturer's license to:

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

on or off the manufacturer's licensed premises.

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

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

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

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

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

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

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

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

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

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

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

Sec. 202.008. REFUND DUE ON DISPOSITION OUTSIDE OF STATE.

The holder of any license authorizing the transportation of consumable hemp products out of this state may apply to the commission for a refund of the tax paid on a consumable hemp product on proper proof that the product was sold or disposed of outside of this state.

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

Sec. 202.010. TAX CREDITS AND REFUNDS. The commission shall provide by rule for the equitable and final disposition of tax refunds or credits when the tax on a consumable hemp product is overpaid or paid by mistake. The commission shall prescribe the time and manner for filing claims for credits and refunds and provide appropriate forms.

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

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

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

Sec. 202.013. TAX ON UNSALABLE CONSUMABLE HEMP PRODUCTS. No tax under Section 202.003 may be imposed or collected on a consumable hemp product that for any reason has been found and declared to be unsalable by the commission or administrator. A hemp

manufacturer or an out-of-state hemp manufacturer is entitled to a refund of any tax the manufacturer paid on an unsalable consumable hemp product.

Sec. 202.014. EVIDENCE IN SUIT. In a suit brought to enforce the collection of tax owed by the holder of a license authorizing the sale of consumable hemp products in this state, a certificate by the commission or administrator showing the delinquency is prima facie evidence of:

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

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

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

Sec. 202.016. CONSUMABLE HEMP PRODUCTS TAX DISTRIBUTION.

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

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

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

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

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

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

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

(b) A tax is imposed on the first sale of a hemp beverage

manufactured in this state or imported into this state at the rate of two cents per 2.5 milligrams of delta-9 tetrahydrocannabinol contained in the hemp beverage.

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

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

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

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

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

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

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

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

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

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

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

Sec. 251.72. CHANGE OF STATUS. Except as provided in



Sections 251.725, 251.726, 251.727, 251.73, and 251.80, an authorized voting unit that has exercised or may exercise the right of local option retains the status adopted, whether absolute prohibition or legalization of the sale of hemp beverages, consumable hemp products, or alcoholic beverages of one or more of the various types and alcoholic contents on which an issue may be submitted under the terms of Section 501.035, Election Code, until that status is changed by a subsequent local option election in the same authorized voting unit.

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

Sec. 251.73. PREVAILING STATUS: RESOLUTION OF CONFLICTS.

To ensure [insure] that each voter has the maximum possible control over the status of the sale of hemp beverages, consumable hemp products, and alcoholic beverages in the area where the voter [he] resides:

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

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

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

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

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

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

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

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

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

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

Sec. 251.85. CONTINUANCE OF OPERATION AS HEMP MANUFACTURER OR DISTRIBUTOR. (a) Notwithstanding any other provision of this

code, a person who has been issued a hemp manufacturer's license may not subsequently be denied an original or renewal hemp manufacturer's license for the same location on the ground that the sale of consumable hemp products has been prohibited in the area by a local option election. A person holding a license at the time of the election or issued a license as authorized by this section may exercise all privileges granted by this code to the holder of a hemp manufacturer's license, except selling consumable hemp products to ultimate consumers.

(b) Notwithstanding any other provision of this code, a person who has been issued a hemp distributor's license, whose warehouse or other facility used in connection with the distributorship is located in the area affected, may not subsequently be denied an original or renewal hemp distributor's license for the same location on the ground that the sale of consumable hemp products has been prohibited in the area by a local option election. A person holding a license at the time of the election or issued a license as authorized by this section may exercise all privileges granted by this code to the holder of a hemp distributor's license, except that the distributor may sell or

deliver consumable hemp products only to licensed persons located where the sale of such products is legal.

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

## TITLE 7. CONSUMABLE HEMP PRODUCTS

### SUBTITLE A. GENERAL PROVISIONS

#### CHAPTER 301. GENERAL PROVISIONS

Sec. 301.001. DEFINITIONS. In this title:

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

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

(3) "Hemp biomass" means the unrefined and unadulterated plant matter including flowers, leaves, and other

parts of the plant cannabis sativa L. with a total  
tetrahydrocannabinol concentration of less than 0.3 percent by dry  
weight.

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

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

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

(7) "Phytocannabinoid" means a chemical substance:

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

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

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

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

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

(A) sold as a consumable hemp product;

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

(C) incorporated into a consumable hemp product;

or

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

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

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

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

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

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

Sec. 301.002. ROLE OF DEPARTMENT; TRANSITION OF ADMINISTRATIVE RESPONSIBILITY. (a) Notwithstanding Section 1.04(10), a reference to "commission" in this title means the Department of State Health Services.

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

(c) This section expires January 1, 2027.

Sec. 301.003. APPLICABILITY OF OTHER LAW. (a) Unless expressly provided otherwise in this title, the following



provisions do not apply in the regulation of consumable hemp products or to a license issued under this title:

(1) Title 3;

(2) Chapter 102; and

(3) Sections 6.03 and 109.53.

(b) Except as provided by Section 431.011(c), Health and Safety Code, Chapter 431, Health and Safety Code, applies to a license holder and a consumable hemp product regulated under this chapter.

Sec. 301.004. POSSESSION, TRANSPORTATION, AND SALE OF CONSUMABLE HEMP PRODUCTS. A person may possess, transport, sell, or purchase a consumable hemp product only if the product is processed or manufactured in compliance with this title.

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

Sec. 301.006. LOCAL REGULATION PROHIBITED. (a) Except as provided by Subsection (b) or Chapters 251 and 501, Election Code, a municipality, county, or other political subdivision of this state may not enact, adopt, or enforce a rule, ordinance, order,

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

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

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

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

Sec. 301.008. WAIVER OF REQUIREMENTS OR STANDARDS. (a)

Subject to Subsection (b), the administrator by order may waive or modify a requirement or standard of this code as it applies to consumable hemp products or hemp beverages and a licensee or permittee that manufactures, distributes, or sells consumable hemp products or hemp beverages if the administrator determines that the waiver or modification:

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

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

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

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

(c) This section expires May 28, 2027.

#### SUBTITLE B. TESTING

#### CHAPTER 305. TESTING OF CONSUMABLE HEMP PRODUCTS, HEMP BEVERAGES,

## HEMP BIOMASS, AND NATURAL HEMP FLOWER

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

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

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

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

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

(3) located in this state.

(c) Notwithstanding Subsection (b)(3), the commission may issue a license to a hemp testing laboratory located in another state if the laboratory:

(1) is licensed in the laboratory's home jurisdiction;

and

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

### Sec. 305.002. LICENSE NUMBER. (a) The commission shall

issue each licensed hemp testing laboratory a license number.

(b) A hemp testing laboratory shall put the license number issued under this section on each certificate of analysis issued by the laboratory.

Sec. 305.003. RESTRICTIONS ON LABORATORY OWNERSHIP OR INTEREST. (a) A licensed hemp manufacturer, distributor, or retailer may not be an owner or manager of a hemp testing laboratory.

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

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

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

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

hemp beverage;

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

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

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

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

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

(1) the presence and concentration of various  
cannabinoids;

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

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

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

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

(1) the presence of harmful microorganisms; and

(2) the presence or quantity of:

(A) any residual solvents used in processing, if

applicable; and

(B) any other substance prescribed by commission  
rule.

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

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

(b) A license holder shall make available to a seller of a  
consumable hemp product or hemp beverage processed or manufactured  
by the license holder the results of testing required by Section  
305.005. The results may accompany a shipment to the seller or be



made available to the seller electronically. If the results are not  
made available, the seller may have the testing required under  
Section 305.005 performed on the product or beverage and shall make  
the results available to a consumer.

Sec. 305.007. SALE OR INTRODUCTION INTO COMMERCE. (a)  
Natural hemp flower or hemp biomass that has a total  
tetrahydrocannabinol concentration of more than 0.3 percent by dry  
weight, subject to the measure of uncertainty, may not be sold at  
retail or otherwise introduced into commerce in this state.

(b) A consumable hemp product or hemp beverage may not be  
sold at retail or otherwise introduced into commerce in this state  
if the tetrahydrocannabinol content exceeds the applicable limit  
established by Section 1.04(35), 59.10, or 320.005.

## SUBTITLE C. REGULATION

### CHAPTER 310. LICENSING

#### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 310.001. LICENSE REQUIRED. (a) A person may not test,  
manufacture or process consumable hemp products, import, ship, or  
transport consumable hemp products, distribute or sell consumable  
hemp products, or possess consumable hemp products for the purpose

of sale without having first obtained an appropriate license as provided by this title.

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) A person may not test, manufacture, process, distribute, import, store, carry, deliver, or sell consumable hemp

products during the pendency of the person's original license application.

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

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

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

Sec. 310.004. CONTENTS OF APPLICATION: DISTRIBUTORS. In addition to any requirements imposed by this subchapter or the commission, an application for a hemp distributor's license must include:

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

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

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

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

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

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

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

of the state.

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

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

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

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

(e) Notwithstanding any other provision of this code, if the county clerk, city secretary, or city clerk certifies that the location or address given in the request is not in a wet area or refuses to issue the certification required by this section, the prospective applicant is entitled to a hearing before the county judge to contest the certification or refusal to certify. The prospective applicant must submit a written request to the county judge for a hearing under this subsection. The county judge shall conduct a hearing required by this subsection not later than the 30th day after the date the county judge receives the written request.

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

(b) When the renewal application has been filed in



accordance with Subsection (a), the commission shall follow the procedures for reviewing a license application under Section 310.002.

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

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

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

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

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

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

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

Sec. 310.013. AGENT FOR SERVICE. Each licensed hemp manufacturer, out-of-state hemp manufacturer, and hemp distributor, or person shipping or delivering consumable hemp products into this state, shall file a certificate with the secretary of state designating the name, street address, and

business of the person's agent on whom process may be served. If a certificate is not filed, service may be had on the secretary of state in any cause of action arising out of a violation of this code, and the secretary of state shall send any citation served on the secretary by registered mail, return receipt requested, to the person for whom the citation is intended. The receipt is prima facie evidence of service on the person.

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

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

Sec. 310.016. RESTRICTION ON CONSUMPTION. A license holder may not permit consumable hemp products to be consumed on the licensed premises. This section does not apply to the holder of an on-premise hemp retailer's license.

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

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

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

(1) that the license holder will not violate a law of this state relating to consumable hemp products, narcotics, or

alcoholic beverages or a rule adopted by the commission; and

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

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

(1) form of a surety bond;

(2) qualifications for a surety;

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

(4) release or discharge of the bond.

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

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

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

this state.

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

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

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

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

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

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

consumable hemp products.

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

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

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

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

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

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

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

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

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

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

(e) The executive commissioner may not refund a license fee  
except when an application for a license is denied by the  
commission. The commission may appropriate as much of the proceeds  
from license fees as necessary for the payment of a refund under  
this subsection.

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

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

(1) the applicant is a minor;

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

(3) the place or manner in which the applicant may



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

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

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

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

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

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

(9) the applicant was finally convicted of a felony

under Chapter 481, Health and Safety Code, during the ten years  
immediately preceding the filing of the applicant's application; or  
(10) granting the license would result in subterfuge  
ownership of the license or the licensed premises in violation of  
Section 310.036.

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

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

(1) a shooting, stabbing, or other violent act; or  
(2) an offense involving drugs, prostitution, or  
trafficking of persons.

(e) The commission shall deny an application for a license

of a person convicted of an offense under Section 101.76 for a period of five years from the date of the conviction.

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

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

the commission may cancel, its license if it ceases to be a bona fide manufacturer.

Sec. 310.021. DISCRETIONARY GROUNDS FOR DENIAL. (a) In this section, "applicant" includes, as of the date of the application, each member of a partnership or association and, with respect to a corporation, each officer and the owner or owners of a majority of the corporate stock.

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

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

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

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

application;

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

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

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

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

(8) the place, building, or premises for which the  
license is sought was used for selling consumable hemp products,  
narcotic drugs, as defined by Section 481.002, Health and Safety  
Code, or alcoholic beverages in violation of the law at any time  
during the six months immediately preceding the filing of the

application or was used, operated, or frequented during that time  
for a purpose or in a manner which was lewd, immoral, offensive to  
public decency, or in violation of this code.

Sec. 310.022. GROUNDS FOR CANCELLATION OR SUSPENSION. (a)

The commission or administrator may suspend for not more than 60  
days or cancel a license issued under this title if it is found,  
after notice and hearing, that the license holder:

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

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

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

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

(5) sold, served, or delivered with criminal  
negligence a consumable hemp product or hemp beverage to a minor;

(6) sold, served, or delivered a consumable hemp

product or hemp beverage to an intoxicated person;

(7) sold, served, or delivered a consumable hemp

product or hemp beverage at a time when its sale was prohibited;

(8) possessed on the licensed premises, or on adjacent

premises directly or indirectly under the license holder's control,

a consumable hemp product not authorized to be sold on the licensed

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

(9) employed a person under 21 years of age to sell,

handle, or dispense consumable hemp products, or to assist in doing

so, except as authorized under Sections 310.301 and 310.302;

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

(11) refused to permit or interfered with an

inspection or investigation of the licensed premises, vehicles, or

records by an authorized representative of the commission or a

peace officer;

(12) permitted the use or display of the license

holder's license in the conduct of a business for the benefit of a

person not authorized by law to have an interest in the license;

(13) conducted the license holder's business in a

place or manner which warrants the cancellation or suspension of

the license based on the general welfare, health, peace, morals,  
safety, and sense of decency of the people;

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

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

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

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

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

(19) is insolvent or has developed an incapacity that



prevents or could prevent the license holder from managing the  
license holder's establishment with reasonable skill, competence,  
and safety to the public;

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

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

(22) is residentially domiciled with or related to a  
person whose license has been canceled within the preceding 12  
months so that there is a community of interests that the commission  
or administrator finds contrary to the purposes of this title;

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

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

(25) knowingly misrepresented to a customer or the

public any consumable hemp product sold by the license holder;

(26) was intoxicated on the premises;

(27) failed to comply with a requirement of the

commission relating to the keeping of records or making of reports;

(28) failed to pay any tax due to the state on any

consumable hemp products;

(29) no longer holds a sales tax permit, if required,

for the place of business covered by the license;

(30) is shown on the records of the comptroller of

public accounts as being subject to a final determination of taxes

due and payable under the Limited Sales, Excise and Use Tax Act

(Chapter 151, Tax Code), or is shown on the records of the

comptroller of public accounts as being subject to a final

determination of taxes due and payable under Chapter 321, Tax Code;

or

(31) gave a check, as maker or endorser, or a draft, as

drawer or endorser, as full or partial payment for consumable hemp

products that was not honored when presented for payment.

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

member of a partnership or association and, as to a corporation, to

the president, manager, and owner of the majority of the corporate stock.

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

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

(1) the type of license held;

(2) the type of violation;

(3) any aggravating or ameliorating circumstances

concerning the violation; and

(4) the license holder's previous violations.

Sec. 310.023. EMERGENCY ORDER SUSPENDING LICENSE. (a) If the commission or administrator determines that the continued operation of a business licensed under this title would constitute a continuing threat to the public welfare, the commission or administrator may issue an emergency order, without a hearing, suspending the license for not more than 90 days.

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

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

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

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

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

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

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

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

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

and

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

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

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

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

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

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

Sec. 310.027. ALTERNATIVES TO SUSPENSION OR CANCELLATION.

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

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

(1) the type of license held;

(2) the type of violation;

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

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

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

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

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

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

(2) that the license holder was entrapped;

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

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

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



(6) that the violation was a technical one.

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

(1) the type of license held;

(2) the type of violation;

(3) any aggravating or ameliorating circumstances

concerning the violation, including those enumerated in Subsection

(b);

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

(5) if the commission or administrator determines the license holder has previously violated this code, whether the license holder profited from the violation, and if so the amount of the license holder's profit.

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

Sec. 310.028. CERTAIN ACTS ALSO VIOLATIONS OF CODE. Any act or omission which is a ground for cancellation or suspension of a

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

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

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

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

Sec. 310.032. MAY NOT RESTRAIN SUSPENSION ORDER. A suit of  
any nature may not be maintained in a court of this state to

restrain the commission or administrator or any other officer from enforcing an order of suspension issued by the commission or administrator.

Sec. 310.033. CANCELLATION OR SUSPENSION: WHEN EFFECTIVE.

The manner in which the cancellation or suspension of a license takes effect is governed by Section 11.65.

Sec. 310.034. ACTIVITIES PROHIBITED DURING CANCELLATION OR

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

(b) A person may not test, manufacture, process, distribute, import, store, deliver, sell, or offer for sale a consumable hemp product which the person was authorized to sell under a license after the license has been suspended. If it is established to the satisfaction of the commission or administrator at a hearing that a consumable hemp product was tested,

manufactured, processed, distributed, imported, stored, delivered, sold, or offered for sale during a period of suspension, the commission or administrator may cancel the license.

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

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

(b) The commission or administrator may suspend for not more than 60 days or cancel a license issued under this title if it is found, after notice and hearing, that the license holder violated Subsection (a).

#### SUBCHAPTER B. MANUFACTURING

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

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

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

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

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

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

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

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

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

(1) the licensed premises of a purchaser;

(2) an ultimate consumer, as provided by Subsection

(a)(7); and

(3) lawful destinations outside this state for

delivery to qualified purchasers or recipients.

(c) Delivery to an ultimate consumer under Subsection

(a)(7) may also be by the holder of a hemp consumer delivery  
license.

(d) The holder of a hemp manufacturer's license personally

transporting consumable hemp products under this section shall  
provide to the commission:

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

the license holder for transporting consumable hemp products; and

(2) any other information the commission requires.

(e) The holder of a hemp manufacturer's license may

personally transport consumable hemp products only in a vehicle  
that is:

(1) described by Subsection (d);

(2) owned or leased in good faith by the license holder

or by the license holder's agent; and

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

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

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

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

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

(B) private warehouse that is:

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

(ii) registered with the commission.

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

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

the license holder's premises in any capacity.

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

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

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

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

(1) the manufacturer's license number; and

(2) a sequence to allow for inventory, traceability,



and identification of the plant or extract batches used in the  
production of products.

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

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

(1) solicit and take orders for finished consumable

hemp products from holders of a hemp distributor's license, hemp  
retailers, and ultimate consumers;

(2) solicit and take orders for works in progress from

a holder of a hemp manufacturer's license or another out-of-state  
hemp manufacturer;

(3) sell and ship consumable hemp products into this

state, or cause them to be shipped into this state, in consummation  
of sales made to a holder of a hemp manufacturer's license, the  
holder of a hemp distributor's license, and a hemp retailer; and

(4) sell and ship finished consumable hemp products to

ultimate consumers in this state, but not for resale purposes.

(b) The holder of an out-of-state hemp manufacturer's

license may ship consumable hemp products using a licensed hemp  
carrier or the United States Postal Service if the shipping is for a  
lawful purpose, from the out-of-state manufacturer's licensed

premises to:

(1) the licensed premises of a purchaser; and

(2) ultimate consumers, as provided by Subsection

(a)(4).

(c) The privileges granted to a holder of an out-of-state

hemp manufacturer's license are confined strictly to consumable

hemp products actually manufactured by the license holder.

(d) A holder of an out-of-state hemp manufacturer's license

shall label each batch to include:

(1) the manufacturer's license number; and

(2) a sequence to allow for inventory, traceability,

and identification of the plant or extract batches used in the

production of products.

Sec. 310.103. WORK IN PROGRESS. (a) A manufacturer

licensed under this subchapter may only derive a work in progress

from natural hemp flower or hemp biomass based on sampling that was

collected not more than 30 days before the day on which the cannabis

plant was harvested.

(b) A work in progress must be securely kept on the premises

of a manufacturer licensed under this subchapter and may only be

transferred to another licensed manufacturer for use as an ingredient for the processing of a consumable hemp product.

(c) A manufacturer licensed under this subchapter transporting a work in progress must provide with the work in progress the sending manufacturer's license number and the license number of the receiving manufacturer. Manufacturers must keep a log of any such shipments with the date, time, volume, and batch of the work in progress. The log entry must be signed by the individuals who authorized the shipment and accompanied the shipment.

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

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

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

Sec. 310.105. GOOD MANUFACTURING PRACTICES. A holder of a

license issued under this subchapter shall follow current good manufacturing practices, as defined by commission rule.

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

#### SUBCHAPTER C. DISTRIBUTION

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

- (1) purchase and import consumable hemp products from holders of out-of-state hemp manufacturer's licenses;
- (2) purchase consumable hemp products from holders of hemp manufacturer's licenses;
- (3) purchase consumable hemp products from other licensed hemp distributors in this state;

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

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

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

(1) from the seller's licensed premises to the distributor's licensed premises or authorized place of storage;

(2) from the distributor's licensed premises or authorized place of storage to a purchaser's licensed premises or authorized place of storage;

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

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

(c) The holder of a hemp distributor's license personally

transporting consumable hemp products under this section shall  
provide to the commission:

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

(2) any other information the commission requires.

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

(1) described by Subsection (c);

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

(3) printed or painted in accordance with Section  
310.203.

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

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

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

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

(B) private warehouse that is:

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

(ii) registered with the commission.

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

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

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

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

Sec. 310.204. PURCHASE, SALE, AND TRANSPORTATION OF NATURAL

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

SUBCHAPTER D. RETAIL SALE OF HEMP

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

Except as otherwise provided by this chapter, only a licensed hemp  
retailer may sell natural hemp flower or consumable hemp products  
at retail.

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

(c) A hemp retailer:

(1) may sell:

(A) natural hemp flower and consumable hemp  
products;



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

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

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

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

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

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

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

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

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

(C) an area not farther than two miles beyond the

municipal boundary of the city or town in which the premises of the retailer is located, if applicable.

Sec. 310.302. OFF-PREMISE HEMP RETAILER'S LICENSE. (a)

The holder of an off-premise hemp retailer's license may:

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

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

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

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

(b) The holder of an off-premise hemp retailer's license may ship consumable hemp products, hemp beverages, and natural hemp

flower using a licensed hemp carrier, the United States Postal Service, or a hemp consumer delivery license holder or personally transport those items, if the shipping or transportation is for a lawful purpose, from the retailer's licensed premises to ultimate consumers, as provided by Subsection (a)(4).

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

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

(2) any other information the commission requires.

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

(1) described by Subsection (c);

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

(3) printed or painted with the retailer's discrete mark or brand and the retailer's license number as required for the

holder of a hemp distributor's license under Section 310.203.

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

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

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

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

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

(1) a public corporation;

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

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

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

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

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

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

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

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

not apply to a person who is at least 18 years of age and who is employed by the person's parent or legal guardian to work in the retailer that is owned by the parent or legal guardian.

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

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

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

(c) If an on-premise hemp retailer's license holder also obtains a hemp beverage permit, the license holder may serve, mix, and pour hemp beverages for on-premises consumption provided that the beverage provided to the consumer does not contain more than 10

milligrams of delta-9 tetrahydrocannabinol.

Sec. 310.304. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

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

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

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

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

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

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

(a) on behalf of the license holder.

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

Sec. 310.305. SALES NEAR CERTAIN LOCATIONS. (a)

Notwithstanding any other law, the retail sale of consumable hemp products is prohibited within 300 feet of a school, church, public playground, day-care center, child-care center, homeless shelter, or substance abuse treatment center.

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

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



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

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

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

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

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

(1) personally inspecting the provided proof of

identification;

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

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

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

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

(d) A holder of a hemp retailer's license, or the license holder's agent, servant, or employee, may not sell, serve, or deliver a consumable hemp product or natural hemp flower to a

purchaser or recipient unless the person presents an apparently valid, unexpired proof of identification.

Sec. 310.308. SELF-AUDITS. At least once every calendar quarter, a hemp retailer shall conduct a self-audit of inventory tracking and sales data and maintain the resulting data in the form required and for the duration required by the commission. The license holder shall provide the data to the commission on request. This data qualifies as a private record under Section 5.48.

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

#### SUBCHAPTER E. HEMP CARRIER LICENSE

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

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

(c) The holder of a hemp carrier license who transports consumable hemp products to the premises of a holder of a hemp

manufacturer's license or hemp distributor's license, or the  
license holder's authorized place of storage, shall provide to the  
consignee a shipping invoice that clearly states:

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

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

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

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

(1) a water carrier;

(2) an airline;

(3) a railway;

(4) a motor carrier registered under Chapter 643,

Transportation Code; or

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

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

transportation of consumable hemp products.

#### SUBCHAPTER F. HEMP CONSUMER DELIVERY LICENSE

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

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

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

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

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

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

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

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

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

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

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

(e) A hemp consumer delivery license may be issued to a

person who contracts with or employs individuals for the delivery of retail goods to consumers.

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

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

(2) holds a valid driver's license.

(g) A consumable hemp product may be delivered under this section only to a person who is 21 years of age or older. The person making the delivery must verify that the purchaser or recipient is 21 years of age or older in the manner provided under Section 310.307.

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

(1) the person who purchased the product; or

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

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

(1) receives the product from the license holder  
during the license holder's hours of legal sale; and  
(2) completes the delivery to the consumer in a  
reasonable amount of time after leaving the license holder's  
premises.

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

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

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

(2) the delivery of consumable hemp products in a dry  
or otherwise illegal area, unless the manufacturer or retailer has  
contractually agreed to retain responsibility for ensuring that



deliveries are not directed to a dry or otherwise illegal area; or

(3) any other provision of this code.

(l) A hemp manufacturer or retailer:

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

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

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

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

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

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

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

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

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

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

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

(2) completed the delivery as a result of a technical

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

(p) The commission by rule shall:

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

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

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

#### SUBTITLE D. CONSUMABLE HEMP PRODUCTS AND HEMP FLOWER

#### CHAPTER 320. CONSUMABLE HEMP PRODUCT REQUIREMENTS

Sec. 320.001. DOMESTIC SOURCING. All ingredients for a  
consumable hemp product must originate from within the United  
States unless the commission specifically approves an ingredient

originating from another location.

Sec. 320.002. INGREDIENTS OF CONSUMABLE HEMP PRODUCT. (a)

Each ingredient in a consumable hemp product must be organic and may not include genetically modified organisms unless the commission specifically approves the ingredient.

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

Sec. 320.003. CONVERTED OR SYNTHETIC CANNABINOIDS

PROHIBITED. A consumable hemp product may not contain any converted or synthetic cannabinoids.

Sec. 320.004. PROHIBITED FORMS OF CONSUMABLE HEMP PRODUCTS.

(a) Except as provided by Subsection (b), a consumable hemp product may not resemble common snacks such as chips, candy, chewing gum, or other products attractive to minors.

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

(c) A consumable hemp product may not be in a form intended

for inhaling by heating the product, including as a hemp-infused oil.

Sec. 320.005. TOTAL TETRAHYDROCANNABINOL LIMIT FOR CONSUMABLE HEMP PRODUCTS. (a) A consumable hemp product that is an oil-based tincture may not contain more than, subject to allowable variance rates and the measure of uncertainty:

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

(2) 75 milligrams of tetrahydrocannabinol in each container.

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

(1) 10 milligrams of tetrahydrocannabinol in each serving; or

(2) one gram of tetrahydrocannabinol in each container.

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

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

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

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

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

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

(1) contains any converted or synthetic cannabinoids;

or

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

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

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

#### CHAPTER 321. NATURAL HEMP FLOWER REQUIREMENTS

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

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

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

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

(2) a QR code that links to the certificate of analysis

showing that the total tetrahydrocannabinol concentration is less than 0.3 percent by dry weight.

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

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

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

(2) the product ingredients;

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

(4) the batch identification number;

(5) the batch date;

(6) the product name;

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

(8) the name and commission license number of the



product's manufacturer;

(9) a certification that the tetrahydrocannabinol

content of the product complies with state law;

(10) the identity and concentration of each

hemp-derived cannabinoid in the product; and

(11) if the product contains tetrahydrocannabinols, a

tetrahydrocannabinol warning icon adopted by the commission.

(b) Each consumable hemp product, including the container

and package, if applicable, must be labeled with:

(1) a QR code that links to the commission's product

registration list under Section 320.007, including the identifying

pictures of the back and front of the product; and

(2) the following message placed adjacent to the

required QR code on the label: "SCAN QR CODE BEFORE PURCHASE".

(c) The labeling required under this section must appear on

each unit of the product intended for individual retail sale. If

that unit includes inner and outer packaging, the labeling may

appear on any of that packaging.

(d) Packaging for a consumable hemp product that contains

tetrahydrocannabinols must be tamper evident and child resistant.

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

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

(2) is in packaging or a container that:

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

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

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

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

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

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

(b) For purposes of this section, a cartoon includes a depiction of an object, person, animal, creature, or any similar

caricature that:

(1) uses comically exaggerated features and

attributes;

(2) assigns human characteristics to animals, plants,

or other objects; or

(3) has unnatural or extra-human abilities, including

imperviousness to pain or injury, x-ray vision, tunneling at very

high speeds, and transformation.

Sec. 322.003. ADVERTISING RESTRICTIONS. (a) A person may not advertise or promote a consumable hemp product in a manner that is targeted or attractive to minors or that could cause a reasonable person or minor to confuse the product for medicine, candy, snacks, or other food products that are widely distributed and familiar to the public.

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

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

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

(c) A person may not advertise a consumable hemp product

using amplified sound from, or signs, pictures, or video on, a vehicle on a public street or highway.

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

A license holder may not:

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

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

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

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

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

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

(1) "Homeless shelter" has the meaning assigned by

Section 109.36.

(2) "Playground" and "school" have the meanings assigned by Section 481.134, Health and Safety Code.

(b) A person may not advertise a consumable hemp product or a consumable hemp product business on an outdoor sign that is within 300 feet of a school, church, playground, day-care center, child-care center, homeless shelter, or substance abuse treatment center.

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

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

SUBTITLE E. ENFORCEMENT

CHAPTER 340. PROHIBITIONS AND OFFENSES

## SUBCHAPTER A. GENERAL PROVISIONS

Sec. 340.001. PROHIBITIONS. (a) A person may not sell, offer for sale, possess, distribute, or transport a consumable hemp product or hemp beverage in this state that:

(1) contains any material extracted or derived from the plant cannabis sativa L., other than from hemp produced in compliance with 7 U.S.C. Subchapter VII, Chapter 38;

(2) is not labeled with the license numbers of the manufacturer and hemp testing laboratory that performed the compliance testing for the product's batch; or

(3) has not been tested by a hemp testing laboratory in compliance with Chapter 305.

(b) The commission and the Department of Public Safety shall establish a process for the random testing of consumable hemp products and hemp beverages at various retail and other establishments that sell, offer for sale, distribute, or use the products or beverages to ensure that the products or beverages:

(1) do not contain harmful ingredients;

(2) are produced in compliance with 7 U.S.C.

Subchapter VII, Chapter 38; and

(3) have a tetrahydrocannabinol content in compliance with the applicable limit established by Section 1.04(35), 59.10, or 320.005.

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

(1) if the person falsely claims the product or beverage has been processed or manufactured in compliance with this title; or

(2) if the product or beverage:

(A) contains harmful ingredients;

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

Subchapter VII, Chapter 38; or

(C) has a tetrahydrocannabinol content that exceeds the applicable limit established by Section 1.04(35), 59.10, or 320.005.

## SUBCHAPTER B. CRIMINAL OFFENSES

Sec. 340.101. OFFENSE: MANUFACTURE, DELIVERY, OR

POSSESSION WITH INTENT TO DELIVER CERTAIN CONSUMABLE HEMP PRODUCTS

OR HEMP BEVERAGES. (a) A person commits an offense if the person

knowingly manufactures, delivers, or possesses with intent to

deliver a consumable hemp product or hemp beverage that contains:

(1) synthetic or converted cannabinoids; or

(2) an amount of tetrahydrocannabinol that exceeds the

applicable limit established by Section 1.04(35), 59.10, or

320.005.

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

(c) If conduct constituting an offense under this section

also constitutes an offense under another law, the actor may be

prosecuted under this section, the other law, or both.

Sec. 340.102. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE

HEMP PRODUCTS OR HEMP BEVERAGES. (a) A person commits an offense

if the person intentionally or knowingly possesses a consumable

hemp product or hemp beverage that contains:

(1) synthetic or converted cannabinoids; or

(2) an amount of tetrahydrocannabinol that exceeds the

applicable limit established by Section 1.04(35), 59.10, or

320.005.



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

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

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

(b) A person commits an offense if the person sells, offers for sale, or delivers a consumable hemp product or hemp beverage in, on, or within 300 feet of the premises of a school.

(c) An offense under this section is a Class B misdemeanor.

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

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

Sec. 340.105. OFFENSE: PURCHASE AND POSSESSION LIMITS OF

NATURAL HEMP FLOWER. (a) A person who does not hold a license under this title commits an offense if the person:

(1) purchases more than one ounce of natural hemp flower in one day; or

(2) knowingly possesses more than one ounce of natural hemp flower.

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

Sec. 340.106. OFFENSE: POSSESSION OF NATURAL HEMP FLOWER IN OPEN CONTAINER IN MOTOR VEHICLE. (a) In this section:

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

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

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

(B) the trunk of a vehicle; or

(C) the area behind the last upright seat of the

vehicle, if the vehicle does not have a trunk.

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

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

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

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

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

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

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

SECTION 86. The heading to Chapter 501, Election Code, is amended to read as follows:

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

SECTION 87. Section 501.001(1), Election Code, is amended to read as follows:

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

SECTION 88. Section 501.021, Election Code, is amended to read as follows:

Sec. 501.021. ELECTION TO BE HELD BY PETITION. On proper petition by the required number of voters of a county, justice precinct, or municipality in the county, the commissioners court shall order a local option election in the political subdivision to determine whether the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents shall be prohibited or legalized in the political subdivision.

SECTION 89. Section 501.023(a), Election Code, is amended to read as follows:

(a) If 10 or more qualified voters of any county, justice precinct, or municipality file a written application and provide proof of publication of notice in a newspaper of general circulation in that political subdivision, the county clerk of the county shall issue to the applicants a petition to be circulated among the qualified voters of the political subdivision for the signatures of those qualified voters who desire that a local option election be called for the purpose of determining whether the sale

of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents shall be prohibited or legalized in the political subdivision. The notice must include:

- (1) the individual or entity that is applying for the petition to gather signatures for a local option [liquor] election;
- (2) the type of local option [liquor] election;
- (3) the name of the political subdivision in which the petition will be circulated; and
- (4) the name and title of the person with whom the application will be filed.

SECTION 90. Sections 501.024(a) and (b), Election Code, are amended to read as follows:

(a) An application for a petition seeking an election to prohibit the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed: "Application for Local Option Election Petition to Prohibit."

(b) The application must contain a statement just ahead of the signatures of the applicants, as follows: "It is the hope,

purpose and intent of the applicants whose signatures appear hereon to see prohibited the sale of consumable hemp products, hemp beverages, or alcoholic beverages, as applicable, referred to in the issue set out above."

SECTION 91. Sections 501.025(a) and (b), Election Code, are amended to read as follows:

(a) An application for a petition seeking an election to legalize the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed: "Application for Local Option Election Petition to Legalize."

(b) The application must contain a statement just ahead of the signatures of the applicants, as follows: "It is the hope, purpose and intent of the applicants whose signatures appear hereon to see legalized the sale of consumable hemp products, hemp beverages, or alcoholic beverages, as applicable, referred to in the issue set out above."

SECTION 92. Sections 501.027(a) and (b), Election Code, are amended to read as follows:

(a) Each page of the petition for a local option election

seeking to prohibit the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed "Petition for Local Option Election to Prohibit."

(b) The petition must contain a statement just ahead of the signatures of the petitioners, as follows: "It is the hope, purpose and intent of the petitioners whose signatures appear hereon to see prohibited the sale of consumable hemp products, hemp beverages, or alcoholic beverages, as applicable, referred to in the issue set out above."

SECTION 93. Sections 501.028(a) and (b), Election Code, are amended to read as follows:

(a) Each page of the petition for a local option election seeking to legalize the sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents must be headed "Petition for Local Option Election to Legalize."

(b) The petition must contain a statement just ahead of the signatures of the petitioners, as follows: "It is the hope, purpose and intent of the petitioners whose signatures appear hereon to see



legalized the sale of consumable hemp products, hemp beverages, or  
alcoholic beverages, as applicable, referred to in the issue set  
out above."

SECTION 94. Section 501.034(a), Election Code, is amended  
to read as follows:

(a) The election order must state in its heading and text  
whether the local option election to be held is for the purpose of  
prohibiting or legalizing the sale of consumable hemp products,  
hemp beverages, or the alcoholic beverages set out in the issue  
recited in the application and petition.

SECTION 95. Sections 501.035(b) and (c), Election Code, are  
amended to read as follows:

(b) In an area where consumable hemp products, hemp  
beverages, or any type or classification of alcoholic beverages is  
prohibited and the issue submitted pertains to legalization of the  
sale of one or more of the prohibited types or classifications, the  
ballot shall be prepared to permit voting for or against the one of  
the following issues that applies:

(1) "The legal sale of malt beverages for off-premise  
consumption only."

(2) "The legal sale of malt beverages."

(3) "The legal sale of malt beverages and wine for  
off-premise consumption only."

(4) "The legal sale of malt beverages and wine."

(5) "The legal sale of all alcoholic beverages for  
off-premise consumption only."

(6) "The legal sale of all alcoholic beverages except  
mixed beverages."

(7) "The legal sale of all alcoholic beverages  
including mixed beverages."

(8) "The legal sale of mixed beverages."

(9) "The legal sale of mixed beverages in restaurants  
by food and beverage certificate holders only."

(10) "The legal sale of wine on the premises of a  
holder of a winery permit."

(11) "The legal sale of consumable hemp products."

(12) "The legal sale of hemp beverages."

(c) In an area where the sale of consumable hemp products,  
hemp beverages, or any type or classification of alcoholic  
beverages has been legalized, the ballot for a prohibitory election

shall be prepared to permit voting for or against the one of the following issues that applies:

(1) "The legal sale of malt beverages for off-premise consumption only."

(2) "The legal sale of malt beverages."

(3) "The legal sale of malt beverages and wine for off-premise consumption only."

(4) "The legal sale of malt beverages and wine."

(5) "The legal sale of all alcoholic beverages for off-premise consumption only."

(6) "The legal sale of all alcoholic beverages except mixed beverages."

(7) "The legal sale of all alcoholic beverages including mixed beverages."

(8) "The legal sale of mixed beverages."

(9) "The legal sale of mixed beverages in restaurants by food and beverage certificate holders only."

(10) "The legal sale of wine on the premises of a holder of a winery permit."

(11) "The legal sale of consumable hemp products."

(12) "The legal sale of hemp beverages."

SECTION 96. Section 501.107, Election Code, is amended to read as follows:

Sec. 501.107. COUNTY PAYMENT OF ELECTION EXPENSES. The county shall pay the expense of holding a local option election authorized by this chapter in the county, justice precinct, or municipality in that county except that:

(1) if an election is to be held only within the corporate limits of a municipality located wholly within the county, the county may require the municipality to reimburse the county for all or part of the expenses of holding the local option election;

(2) county payment of the expense of an election to legalize the sale of consumable hemp products, hemp beverages, or alcoholic beverages is limited to the holding of one election in a political subdivision during a one-year period; and

(3) county payment of the expense of an election to prohibit the sale of consumable hemp products, hemp beverages, or alcoholic beverages is limited to the holding of one election in a political subdivision during a one-year period.

SECTION 97. Section 501.109(a), Election Code, is amended to read as follows:

(a) This section applies only to an election to permit or prohibit the legal sale of consumable hemp products, hemp beverages, or alcoholic beverages of one or more of the various types and alcoholic contents in a municipality.

SECTION 98. Sections 501.151(b) and (c), Election Code, are amended to read as follows:

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

(c) In a legalization election, if a majority of the votes cast favor the issue "The legal sale . . .," the legal sale of consumable hemp products, hemp beverages, or the type or types of beverages stated in the issue at the election is legal on the

entering of the court's order. The legalization remains in effect until changed by a subsequent local option election held under this code.

SECTION 99. Section 501.154(a), Election Code, is amended to read as follows:

(a) A commissioners court order declaring the result of a local option election and prohibiting the sale of any or all types of consumable hemp products, hemp beverages, or alcoholic beverages must be published by posting the order at three public places in the county or other political subdivision in which the election was held.

SECTION 100. Section 411.110(a), Government Code, is amended to read as follows:

(a) The Department of State Health Services and the Health and Human Services Commission are entitled to obtain criminal history record information as provided by Subsection (a-1) that relates to a person who is:

(1) an applicant for a license or certificate under Chapter 773, Health and Safety Code, an owner or manager of an applicant for an emergency medical services provider license under

that chapter, or the holder of a license or certificate under that chapter;

(2) an applicant for a license or a license holder under Subchapter I, L, or N, Chapter 431, Health and Safety Code;

(3) an applicant for employment at or current employee of:

(A) a public health hospital as defined by Section 13.033, Health and Safety Code; or

(B) the South Texas Health Care System;

(4) an applicant for employment at, current employee of, or person who contracts or may contract to provide goods or services with the Council on Sex Offender Treatment or other division or component of the Health and Human Services Commission that monitors sexually violent predators as described by Section 841.003(a), Health and Safety Code; or

(5) authorized to access vital records or the vital records electronic registration system under Chapter 191, Health and Safety Code, including an employee of or contractor for the Department of State Health Services, a local registrar, a medical professional, or a funeral director[]; or

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

SECTION 101. Effective September 1, 2027, Section 431.011,  
Health and Safety Code, is amended to read as follows:

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

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

(c) A person who holds a license under Title 7, Alcoholic  
Beverage Code, [Chapter 443] related to the processing of hemp or  
the manufacturing of a consumable hemp product regulated under that  
title [chapter] and is engaging in conduct within the scope of that  
license is not required to hold a license as a food manufacturer or  
food wholesaler under Subchapter J.

SECTION 102. Section 431.2211(a-3), Health and Safety Code,



is amended to read as follows:

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

SECTION 103. Section 60.002, Occupations Code, is amended to read as follows:

Sec. 60.002. REQUIREMENTS FOR DIGITAL LICENSES. A licensing authority that issues an occupational license may issue a digital license to a license holder. If the licensing authority issues a digital license, the digital license must comply with the following requirements:

(1) the digital license must be in a secure format and readily accessible by the license holder through an Internet website and on a wireless communication device;

(2) the public must be able to view a license holder's digital license through an Internet website or by using a QR code as defined by Section 1.04, Alcoholic Beverage [443.001, Health and Safety] Code; and

(3) if the authority contracts with a vendor for the

issuance of a digital license, the digital license must be in a format in which the vendor and authority can verify the validity of the license.

SECTION 104. Subchapter A, Chapter 183, Tax Code, is amended by adding Section 183.002 to read as follows:

Sec. 183.002. CERTAIN HEMP BEVERAGES. For purposes of this chapter and Section 151.308, a mixed beverage includes a hemp beverage as defined by Section 1.04, Alcoholic Beverage Code.

SECTION 105. Section 543.004(a), Transportation Code, is amended to read as follows:

(a) An officer shall issue a written notice to appear if:

(1) the offense charged is:

(A) speeding;

(B) the use of a wireless communication device

under Section 545.4251; or

(C) a violation of an [the] open container law under[,] Section 49.031, Penal Code, or Section 340.106, Alcoholic Beverage Code; and

(2) the person makes a written promise to appear in court as provided by Section 543.005.

SECTION 106. Section 545.420(e), Transportation Code, is amended to read as follows:

(e) An offense under Subsection (a) is a Class A misdemeanor if it is shown on the trial of the offense that:

(1) the person has previously been convicted one time of an offense under that subsection; or

(2) the person, at the time of the offense:

(A) was operating the vehicle while intoxicated, as defined by Section 49.01, Penal Code; or

(B) was in possession of an open container, as defined by Section 49.031, Penal Code, or Section 340.106, Alcoholic Beverage Code.

SECTION 107. Chapter 443, Health and Safety Code, is repealed effective January 1, 2027.

SECTION 108. As soon as practicable after the effective date of this Act, the Texas Alcoholic Beverage Commission and the Department of State Health Services shall adopt rules as required by this Act.

SECTION 109. (a) On January 1, 2027, the following are transferred from the Department of State Health Services to the

Texas Alcoholic Beverage Commission:

(1) the powers, duties, and functions of the

Department of State Health Services under Title 7, Alcoholic Beverage Code, as added by this Act; and

(2) all property and records in the custody of the

Department of State Health Services that are related to a power, duty, or function transferred under this Act and all funds appropriated by the legislature for that power, duty, or function.

(b) A rule, form, policy, procedure, or decision of the

Department of State Health Services related to a power, duty, or function transferred under this Act continues in effect as a rule,

form, policy, procedure, or decision of the Texas Alcoholic

Beverage Commission and remains in effect until amended or replaced by that agency. Notwithstanding any other law, beginning September

1, 2025, the Texas Alcoholic Beverage Commission may propose rules, forms, policies, and procedures related to a function to be transferred to the commission under this Act.

SECTION 110. Effective September 1, 2025, a person holding a license, permit, or registration issued under Chapter 443, Health and Safety Code, may continue to operate under that license,

permit, or registration until that license, permit, or registration expires. The Department of State Health Services may not renew a license, permit, or registration unless it complies with this Act.

SECTION 111. (a) Except as otherwise provided by this section, this Act takes effect January 1, 2027.

(b) Sections 3, 45, 52 through 68, and 76 of this Act take effect September 1, 2025.

(c) The following provisions, as added by this Act, take effect September 1, 2025:

(1) Sections 301.001 and 301.002, Alcoholic Beverage Code;

(2) Chapters 305, 321, and 340, Alcoholic Beverage Code; and

(3) Sections 320.001, 320.002, 320.003, 320.004, and 320.005, Alcoholic Beverage Code.

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