

By: Perry, et al.
(King)

S.B. No. 3

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

By: King

C.S.S.B. No. 3

A BILL TO BE ENTITLED

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

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

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

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

- 14 (1) 7 U.S.C. Section 1639p;
15 (2) Chapter 122; ~~and~~
16 (3) Chapter 443, Health and Safety Code; and
17 (4) Title 7, Alcoholic Beverage Code, as effective
18 January 1, 2027.

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

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

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

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

- 7 (3) "Handle" means to possess or store a hemp plant:
 - 8 (A) on premises owned, operated, or controlled by
 - 9 a license holder for any period of time; or
 - 10 (B) in a vehicle for any period of time other than
 - 11 during the actual transport of the plant from a premises owned,
 - 12 operated, or controlled by a license holder to:
 - 13 (i) a premises owned, operated, or
 - 14 controlled by another license holder; or
 - 15 (ii) a person licensed under Title 7,
 - 16 Alcoholic Beverage [~~Chapter 443, Health and Safety~~] Code.

17 SECTION 3. Section 122.001(8), Agriculture Code, is amended
18 to read as follows:

- 19 (8) "Nonconsumable hemp product" means a product that
- 20 contains hemp, other than a consumable hemp product as defined by
- 21 Section 1.04, Alcoholic Beverage [~~443.001, Health and Safety~~] Code.
- 22 The term includes cloth, cordage, fiber, fuel, paint, paper,
- 23 particleboard, and plastics derived from hemp.

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

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

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

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

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

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

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

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

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

23 (4-a) "Illicit consumable hemp product" means a
24 consumable hemp product:

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

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

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

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

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

10 (i) the concentration of cannabinoid
11 analytes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Sec. 5.17. SUITS AGAINST THE COMMISSION: VENUE. In all
4 suits against the commission, except appeals governed by Section
5 11.67, ~~[or]~~ 32.18, or 310.031 of this code, venue is in Travis
6 County.

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

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

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

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

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

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

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

24 (5) an attorney with expertise in cannabis regulation;

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

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

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

1 holds a permit under Chapter 59; and

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

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

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

16 (b) The commission shall:

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

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

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

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

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

27 (6) promote and foster voluntary compliance with this

1 code; and

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

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

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

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

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

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

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

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

3 (b) For each violation for which a license or permit may be
4 suspended, the schedule of sanctions must include the number of
5 days a permit or license would be suspended and the corresponding
6 civil penalty under Section 11.64 or 310.027.

7 (d) The schedule must:

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

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

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

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

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

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

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

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

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

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

17 (1) allow the commission to:

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

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

26 (2) ensure that the commission does not overly
27 penalize any segment of the alcoholic beverage or consumable hemp

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

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

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

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

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

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

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

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

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

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

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

1 Code, are amended to read as follows:

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

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

8 (2) from unsealed containers.

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

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

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

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

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

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

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

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

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

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

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

15 CHAPTER 59. HEMP BEVERAGE PERMIT

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

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

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

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

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

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

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

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

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

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

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

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

3 Sec. 59.05. PACKAGING AND ADVERTISING OR PROMOTION OF HEMP

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

5 (1) must not:

6 (A) be attractive to children;

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

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

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

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

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

22 Sec. 59.06. REQUIRED POSTING OF SIGNS BY CERTAIN PERMIT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (d) A holder of a hemp beverage permit, or the permit
26 holder's agent, servant, or employee may not sell or deliver a hemp
27 beverage to a purchaser or recipient unless the person presents an

1 apparently valid, unexpired proof of identification.

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

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

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

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

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

13 (c) If the holder of a hemp beverage permit authorized to
14 sell hemp beverages at retail is not an individual, the training
15 program under Subsection (a) must be annually completed by an
16 officer, director, or other individual with senior management
17 responsibilities for the holder.

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

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

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

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

3 (1) sell multi-serving hemp beverages to a hemp
4 beverage permit holder that also holds a brewer's license,
5 nonresident brewer's license, general distributor's license, or
6 branch distributor's license, or to qualified persons outside this
7 state in compliance with that state's law; and

8 (2) if the permit holder is also licensed under
9 Chapter 62A, self-distribute multi-serving hemp beverages to
10 licensed hemp retailers.

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

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

25 (e) A hemp beverage permit holder that also holds a local
26 distributor's permit may sell multi-serving hemp beverages for
27 resale, but only to a hemp beverage permit holder that is also a

1 mixed beverage permit holder, private club registration permit
2 holder, or hemp retailer.

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

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

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

14 (1) 10 milligrams per ounce for container sizes less
15 than or equal to 1.5 liters; or

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

19 (i) A hemp beverage permit holder that also holds a mixed
20 beverage permit, private club registration permit, or on-premise
21 hemp retailer's license may use multi-serving hemp beverages to
22 serve, mix, or pour a hemp beverage for sale to an ultimate
23 consumer.

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

26 (1) may not contain more than 15.5 gallons or less than
27 375 milliliters of multi-serving hemp beverages; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 other violent act.

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

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

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

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

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

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

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

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

1 amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (1) an illicit beverage or illicit consumable hemp

1 product;

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (2) the alcohol content by volume.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 Sec. 101.6702. HEMP BEVERAGE AUTHORIZATION. (a) The
7 commission shall by rule develop a process by which a sample
8 representing a hemp beverage is tested and approved by the
9 commission before the beverage is made available for sale or
10 otherwise introduced into commerce in this state.

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

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

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

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

24 (a) A room, building, boat, structure, or other place where
25 alcoholic beverages or consumable hemp products are sold, bartered,
26 manufactured, stored, possessed, or consumed in violation of this
27 code or under circumstances contrary to the purposes of this code,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (b) It is an affirmative defense to prosecution under this
27 section that the alcoholic beverage or consumable hemp product was

1 consumed in the visible presence of the minor's adult parent,
2 guardian, or spouse.

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

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

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

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

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

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

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

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

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

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

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

27 (1) while in the course and scope of the minor's

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

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

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

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

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

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

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

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

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

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

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

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

1 MINOR.

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

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

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

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

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

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

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

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

5 (1) require the defendant to:

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

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

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

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

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

26 (a) A minor commits an offense if the minor [~~he~~] falsely
27 states that the minor [~~he~~] is 21 years of age or older or presents

1 any document that indicates the minor [~~he~~] is 21 years of age or
2 older to a person engaged in selling or serving alcoholic beverages
3 or consumable hemp products.

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

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

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

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

13 SECTION 66. The heading to Section 106.115, Alcoholic
14 Beverage Code, is amended to read as follows:

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

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

19 (b-1) If the defendant resides in a county with a population
20 of 75,000 or less and access to an alcohol awareness or substance
21 misuse education program is not readily available in the county,
22 the court may allow the defendant to take an online alcohol
23 awareness or substance misuse education program approved by the
24 Texas Department of Licensing and Regulation or require the
25 defendant to perform not less than eight hours of community service
26 related to alcohol or drug abuse prevention or treatment instead of
27 attending the alcohol or substance misuse education awareness

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

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

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

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

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

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

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

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

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

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

27 (a) Except as provided in Subsections (b) and (c) of this

1 section, the commission or administrator may cancel or suspend for
2 not more than 90 days a retail license or permit issued under this
3 code or a private club registration permit if it is found, on notice
4 and hearing, that the licensee or permittee with criminal
5 negligence sold, served, dispensed, or delivered an alcoholic
6 beverage or consumable hemp product to a minor or with criminal
7 negligence permitted a minor to violate Section 106.04 or 106.05 of
8 this code on the licensed premises.

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

11 (a-1) In addition to the requirements in Subsection (a), an
12 employee's actions are not attributable to the employer if the
13 employee sells, serves, dispenses, or delivers hemp beverages as
14 authorized under Chapter 59 on the employer's premises and the
15 employee has attended the annual hemp beverage training required
16 under Section 59.09.

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

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

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

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

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

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

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

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

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

1 household goods.

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

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

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

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

27 Sec. 109.03. PREREQUISITE TO SALABILITY. An alcoholic

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

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

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

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

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

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

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

3 Sec. 109.06. PURCHASER'S RIGHT TO USE BEVERAGES OR
4 CONSUMABLE HEMP PRODUCTS. A permittee or licensee who purchases
5 alcoholic beverages or consumable hemp products under this
6 subchapter may treat them as other alcoholic beverages or
7 consumable hemp products acquired by the permittee or licensee
8 [~~him~~] as provided in this code.

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

11 (a) The head of a family or an unmarried adult may produce
12 for the person's use or the use of the person's family not more than
13 200 gallons of wine or malt beverages, not including hemp
14 beverages, per year. No license or permit is required.

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

17 CHAPTER 202. CONSUMABLE HEMP PRODUCTS TAX

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

24 Sec. 202.002. "FIRST SALE" DEFINED. In this chapter,
25 "first sale" means the first sale of a consumable hemp product by
26 the holder of a hemp manufacturer's license or an out-of-state hemp
27 manufacturer's license to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 Sec. 202.016. CONSUMABLE HEMP PRODUCTS TAX DISTRIBUTION.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 Sec. 251.85. CONTINUANCE OF OPERATION AS HEMP MANUFACTURER

1 OR DISTRIBUTOR. (a) Notwithstanding any other provision of this
2 code, a person who has been issued a hemp manufacturer's license may
3 not subsequently be denied an original or renewal hemp
4 manufacturer's license for the same location on the ground that the
5 sale of consumable hemp products has been prohibited in the area by
6 a local option election. A person holding a license at the time of
7 the election or issued a license as authorized by this section may
8 exercise all privileges granted by this code to the holder of a hemp
9 manufacturer's license, except selling consumable hemp products to
10 ultimate consumers.

11 (b) Notwithstanding any other provision of this code, a
12 person who has been issued a hemp distributor's license, whose
13 warehouse or other facility used in connection with the
14 distributorship is located in the area affected, may not
15 subsequently be denied an original or renewal hemp distributor's
16 license for the same location on the ground that the sale of
17 consumable hemp products has been prohibited in the area by a local
18 option election. A person holding a license at the time of the
19 election or issued a license as authorized by this section may
20 exercise all privileges granted by this code to the holder of a hemp
21 distributor's license, except that the distributor may sell or
22 deliver consumable hemp products only to licensed persons located
23 where the sale of such products is legal.

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

26 TITLE 7. CONSUMABLE HEMP PRODUCTS

27 SUBTITLE A. GENERAL PROVISIONS

1 CHAPTER 301. GENERAL PROVISIONS

2 Sec. 301.001. DEFINITIONS. In this title:

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

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

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

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

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

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

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

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

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

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

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

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

12 (A) sold as a consumable hemp product;

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

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

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

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

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

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

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

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

12 Sec. 301.002. ROLE OF DEPARTMENT; TRANSITION OF
13 ADMINISTRATIVE RESPONSIBILITY. (a) Notwithstanding Section
14 1.04(10), a reference to "commission" in this title means the
15 Department of State Health Services.

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

18 (c) This section expires January 1, 2027.

19 Sec. 301.003. APPLICABILITY OF OTHER LAW. (a) Unless
20 expressly provided otherwise in this title, the following
21 provisions do not apply in the regulation of consumable hemp
22 products or to a license issued under this title:

23 (1) Title 3;

24 (2) Chapter 102; and

25 (3) Sections 6.03 and 109.53.

26 (b) Except as provided by Section 431.011(c), Health and
27 Safety Code, Chapter 431, Health and Safety Code, applies to a

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

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

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

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

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

22 Sec. 301.007. SEVERABILITY. (a) A provision of this title
23 or its application to any person or circumstance is invalid if the
24 secretary of the United States Department of Agriculture determines
25 that the provision or application conflicts with 7 U.S.C. Chapter
26 38, Subchapter VII, and prevents the approval of the state plan
27 submitted under Chapter 121, Agriculture Code.

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

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

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

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

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

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

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

1 SUBTITLE B. TESTING

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

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

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

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

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

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

14 (3) located in this state.

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

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

20 (2) posts a surety bond as required under Section
21 310.017.

22 Sec. 305.002. LICENSE NUMBER. (a) The commission shall
23 issue each licensed hemp testing laboratory a license number.

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

27 Sec. 305.003. RESTRICTIONS ON LABORATORY OWNERSHIP OR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (1) the presence of harmful microorganisms; and

27 (2) the presence or quantity of:

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

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

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

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

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

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

1 tetrahydrocannabinol concentration of more than 0.3 percent by dry
2 weight, subject to the measure of uncertainty, may not be sold at
3 retail or otherwise introduced into commerce in this state.

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

8 SUBTITLE C. REGULATION

9 CHAPTER 310. LICENSING

10 SUBCHAPTER A. GENERAL PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (e) Notwithstanding any other provision of this code, if the

1 county clerk, city secretary, or city clerk certifies that the
2 location or address given in the request is not in a wet area or
3 refuses to issue the certification required by this section, the
4 prospective applicant is entitled to a hearing before the county
5 judge to contest the certification or refusal to certify. The
6 prospective applicant must submit a written request to the county
7 judge for a hearing under this subsection. The county judge shall
8 conduct a hearing required by this subsection not later than the
9 30th day after the date the county judge receives the written
10 request.

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

19 (b) When the renewal application has been filed in
20 accordance with Subsection (a), the commission shall follow the
21 procedures for reviewing a license application under Section
22 310.002.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (1) form of a surety bond;

1 (2) qualifications for a surety;

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

4 (4) release or discharge of the bond.

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

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

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

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

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

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

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

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

1 applies for or holds a license.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (1) the applicant is a minor;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (6) the applicant or a person with whom the applicant
26 is residentially domiciled had an interest in a license or permit
27 issued under this code that was canceled or revoked within the

1 12-month period immediately preceding the filing of an application;

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

5 (8) the place, building, or premises for which the
6 license is sought was used for selling consumable hemp products,
7 narcotic drugs, as defined by Section 481.002, Health and Safety
8 Code, or alcoholic beverages in violation of the law at any time
9 during the six months immediately preceding the filing of the
10 application or was used, operated, or frequented during that time
11 for a purpose or in a manner which was lewd, immoral, offensive to
12 public decency, or in violation of this code.

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

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

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

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

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

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

27 (5) sold, served, or delivered with criminal

- 1 negligence a consumable hemp product or hemp beverage to a minor;
2 (6) sold, served, or delivered a consumable hemp
3 product or hemp beverage to an intoxicated person;
4 (7) sold, served, or delivered a consumable hemp
5 product or hemp beverage at a time when its sale was prohibited;
6 (8) possessed on the licensed premises, or on adjacent
7 premises directly or indirectly under the license holder's control,
8 a consumable hemp product not authorized to be sold on the licensed
9 premises, or permitted an agent, servant, or employee to do so;
10 (9) employed a person under 21 years of age to sell,
11 handle, or dispense consumable hemp products, or to assist in doing
12 so, except as authorized under Sections 310.301 and 310.302;
13 (10) conspired with a person to violate Chapter 322;
14 (11) refused to permit or interfered with an
15 inspection or investigation of the licensed premises, vehicles, or
16 records by an authorized representative of the commission or a
17 peace officer;
18 (12) permitted the use or display of the license
19 holder's license in the conduct of a business for the benefit of a
20 person not authorized by law to have an interest in the license;
21 (13) conducted the license holder's business in a
22 place or manner which warrants the cancellation or suspension of
23 the license based on the general welfare, health, peace, morals,
24 safety, and sense of decency of the people;
25 (14) consumed a consumable hemp product or permitted
26 one to be consumed on the licensed premises, except as authorized by
27 this code;

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

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

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

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

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

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

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

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

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

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

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

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

10 (26) was intoxicated on the premises;

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

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

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

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

23 or

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

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

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

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

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

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

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

1 suspending the license for not more than 90 days.

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

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

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

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

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

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

1 after the date of cancellation if:

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

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

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

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

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

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

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

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

27 Sec. 310.027. ALTERNATIVES TO SUSPENSION OR CANCELLATION.

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

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

8 (1) the type of license held;

9 (2) the type of violation;

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

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

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

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

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

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

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

5 (2) that the license holder was entrapped;

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

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

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

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

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

19 (1) the type of license held;

20 (2) the type of violation;

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

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

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

1 the license holder's profit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 SUBCHAPTER B. MANUFACTURING

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

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

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

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

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

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

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

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

27 (b) The holder of a hemp manufacturer's license may ship

1 consumable hemp products using a licensed hemp carrier or the
2 United States Postal Service, or personally transport consumable
3 hemp products, if the shipping or transportation is for a lawful
4 purpose, from the manufacturer's licensed premises or authorized
5 place of storage to:

6 (1) the licensed premises of a purchaser;

7 (2) an ultimate consumer, as provided by Subsection
8 (a)(7); and

9 (3) lawful destinations outside this state for
10 delivery to qualified purchasers or recipients.

11 (c) Delivery to an ultimate consumer under Subsection
12 (a)(7) may also be by the holder of a hemp consumer delivery
13 license.

14 (d) The holder of a hemp manufacturer's license personally
15 transporting consumable hemp products under this section shall
16 provide to the commission:

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

19 (2) any other information the commission requires.

20 (e) The holder of a hemp manufacturer's license may
21 personally transport consumable hemp products only in a vehicle
22 that is:

23 (1) described by Subsection (d);

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

26 (3) printed or painted with the manufacturer's
27 discrete mark or brand and the manufacturer's license number as

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

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

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

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

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

10 (B) private warehouse that is:

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

13 (ii) registered with the commission.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (1) the licensed premises of a purchaser; and

7 (2) ultimate consumers, as provided by Subsection
8 (a)(4).

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

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

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

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

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

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

27 (c) A manufacturer licensed under this subchapter

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

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

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

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

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

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

1 subchapter.

2 SUBCHAPTER C. DISTRIBUTION

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

5 (1) purchase and import consumable hemp products from
6 holders of out-of-state hemp manufacturer's licenses;

7 (2) purchase consumable hemp products from holders of
8 hemp manufacturer's licenses;

9 (3) purchase consumable hemp products from other
10 licensed hemp distributors in this state;

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

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

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

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

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

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

27 (4) from the distributor's licensed premises or

1 authorized place of storage to lawful destinations outside this
2 state for delivery to qualified purchasers or recipients.

3 (c) The holder of a hemp distributor's license personally
4 transporting consumable hemp products under this section shall
5 provide to the commission:

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

8 (2) any other information the commission requires.

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

12 (1) described by Subsection (c);

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

15 (3) printed or painted in accordance with Section
16 310.203.

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

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

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

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

24 (B) private warehouse that is:

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

27 (ii) registered with the commission.

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

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

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

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

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

26 SUBCHAPTER D. RETAIL SALE OF HEMP

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

1 Except as otherwise provided by this chapter, only a licensed hemp
2 retailer may sell natural hemp flower or consumable hemp products
3 at retail.

4 (b) A hemp retailer's location must be at a fixed location
5 and may not be in a vehicle or otherwise mobile.

6 (c) A hemp retailer:

7 (1) may sell:

8 (A) natural hemp flower and consumable hemp
9 products;

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

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

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

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

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

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

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

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

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

1 located in a city or town; or

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

5 Sec. 310.302. OFF-PREMISE HEMP RETAILER'S LICENSE. (a)

6 The holder of an off-premise hemp retailer's license may:

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

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

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

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

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

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

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

7 (2) any other information the commission requires.

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

11 (1) described by Subsection (c);

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

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

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

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

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

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

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

1 or held by:

2 (1) a public corporation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 retail; and

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

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

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

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

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

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

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

1 direct line across intersections.

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

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

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

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

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

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

27 (1) personally inspecting the provided proof of

1 identification;

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

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

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

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

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

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

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

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

5 SUBCHAPTER E. HEMP CARRIER LICENSE

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

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

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

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

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

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

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

25 (1) a water carrier;

26 (2) an airline;

27 (3) a railway;

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

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

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

8 SUBCHAPTER F. HEMP CONSUMER DELIVERY LICENSE

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

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

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

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

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

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

1 license holder making the sale is located;

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

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

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

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

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

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

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

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

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

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

1 section only to a person who is 21 years of age or older. The person
2 making the delivery must verify that the purchaser or recipient is
3 21 years of age or older in the manner provided under Section
4 310.307.

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

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

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

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

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

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

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

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

1 (1) providing, selling, or serving consumable hemp
2 products to a minor or to an intoxicated individual;

3 (2) the delivery of consumable hemp products in a dry
4 or otherwise illegal area, unless the manufacturer or retailer has
5 contractually agreed to retain responsibility for ensuring that
6 deliveries are not directed to a dry or otherwise illegal area; or

7 (3) any other provision of this code.

8 (1) A hemp manufacturer or retailer:

9 (1) is not required to verify that the hemp consumer
10 delivery license holder or the delivery driver has received
11 delivery driver training under Subsection (p)(1); and

12 (2) may not be held responsible for any reason under
13 statutory or common law for the actions of a hemp consumer delivery
14 license holder or a delivery driver acting on behalf of a hemp
15 consumer delivery license holder.

16 (m) The actions of a delivery driver acting on behalf of a
17 holder of a hemp consumer delivery license are not attributable to a
18 holder of a hemp consumer delivery license if the license holder has
19 not directly or indirectly encouraged the delivery driver to
20 violate the law and the delivery driver:

21 (1) has a valid certification from the training
22 program adopted under Subsection (p)(1); or

23 (2) completed the delivery using a hemp delivery
24 compliance software application that meets the requirements
25 established under Subsection (p)(2).

26 (n) Notwithstanding Subsection (m), if it is found, after
27 notice and hearing, that the holder of a hemp consumer delivery

1 license, an agent or employee of the license holder, or a person
2 acting on behalf of the license holder delivered with criminal
3 negligence a consumable hemp product to a minor or an intoxicated
4 person, the commission or administrator may:

5 (1) suspend the license for not more than 90 days for
6 the first violation;

7 (2) suspend the license for not more than six months
8 for the second violation; and

9 (3) suspend the license for not more than 12 months for
10 a third violation within a period of 36 consecutive months.

11 (o) For purposes of Subsection (n), it is a rebuttable
12 presumption that a sale or delivery of a consumable hemp product to
13 a minor or an intoxicated person was not made with criminal
14 negligence if the delivery driver:

15 (1) at the time of the delivery held a valid
16 certification from the training program adopted under Subsection
17 (p)(1); and

18 (2) completed the delivery as a result of a technical
19 malfunction of a hemp delivery compliance software application that
20 otherwise meets the requirements established under Subsection
21 (p)(2).

22 (p) The commission by rule shall:

23 (1) adopt and administer a hemp delivery training
24 program for the purpose of training and certifying delivery drivers
25 contracting with or employed by the holder of a hemp
26 manufacturer's, retailer's, or consumer delivery license; and

27 (2) establish minimum requirements for hemp delivery

1 compliance software applications.

2 (g) The commission shall implement a system that allows the
3 holder of a hemp manufacturer's, retailer's, or consumer delivery
4 license to verify in real time whether a delivery driver has a valid
5 certification from the training program adopted under Subsection
6 (p)(1).

7 SUBTITLE D. CONSUMABLE HEMP PRODUCTS AND HEMP FLOWER

8 CHAPTER 320. CONSUMABLE HEMP PRODUCT REQUIREMENTS

9 Sec. 320.001. DOMESTIC SOURCING. All ingredients for a
10 consumable hemp product must originate from within the United
11 States unless the commission specifically approves an ingredient
12 originating from another location.

13 Sec. 320.002. INGREDIENTS OF CONSUMABLE HEMP PRODUCT. (a)
14 Each ingredient in a consumable hemp product must be organic and may
15 not include genetically modified organisms unless the commission
16 specifically approves the ingredient.

17 (b) An ingredient in a consumable hemp product may not
18 include an artificial dye or other artificial product unless the
19 commission specifically approves the ingredient.

20 Sec. 320.003. CONVERTED OR SYNTHETIC CANNABINOIDS
21 PROHIBITED. A consumable hemp product may not contain any
22 converted or synthetic cannabinoids.

23 Sec. 320.004. PROHIBITED FORMS OF CONSUMABLE HEMP PRODUCTS.

24 (a) Except as provided by Subsection (b), a consumable hemp product
25 may not resemble common snacks such as chips, candy, chewing gum, or
26 other products attractive to minors.

27 (b) A consumable hemp product may be in the form of gummies,

1 pills, or mints, provided that the form of the item and packaging
2 are not attractive to minors and comply with Sections 322.001 and
3 322.002.

4 (c) A consumable hemp product may not be in a form intended
5 for inhaling by heating the product, including as a hemp-infused
6 oil.

7 Sec. 320.005. TOTAL TETRAHYDROCANNABINOL LIMIT FOR
8 CONSUMABLE HEMP PRODUCTS. (a) A consumable hemp product that is an
9 oil-based tincture may not contain more than, subject to allowable
10 variance rates and the measure of uncertainty:

11 (1) 2.5 milligrams of tetrahydrocannabinol in each
12 one-milliliter serving; or

13 (2) 75 milligrams of tetrahydrocannabinol in each
14 container.

15 (b) A consumable hemp product other than an oil-based
16 tincture may not contain more than, subject to allowable variance
17 rates and the measure of uncertainty:

18 (1) 10 milligrams of tetrahydrocannabinol in each
19 serving; or

20 (2) one gram of tetrahydrocannabinol in each
21 container.

22 Sec. 320.006. CONSUMABLE HEMP PRODUCT REGISTRATION. (a) A
23 consumable hemp product may not be offered for sale in this state
24 unless the manufacturer of the product, before selling the product:

25 (1) submits an application for the consumable hemp
26 product to be registered with the commission that includes front
27 and back pictures of the product; and

1 (2) receives approval from the commission that the
2 product is compliant with this chapter, registered, and approved
3 for sale in this state.

4 (b) The commission shall issue a unique product
5 registration number to each consumable hemp product approved by and
6 registered with the commission.

7 (c) A manufacturer applying to register a consumable hemp
8 product under this section shall pay an application fee to the
9 commission in the amount of \$100 for each consumable hemp product
10 the manufacturer seeks to register.

11 (d) The commission may not approve for sale or register a
12 consumable hemp product that:

13 (1) contains any converted or synthetic cannabinoids;
14 or

15 (2) contains or is mixed with alcohol, tobacco,
16 nicotine, kratom, kava, psychoactive mushrooms, or a derivative of
17 any of those items.

18 (e) The commission may adopt rules for the submission of and
19 requirements for an application for registration under this
20 section.

21 Sec. 320.007. REGISTERED PRODUCT WEBSITE. The commission
22 shall maintain an updated product registration list on the
23 commission's public Internet website, which must include front and
24 back identifying pictures of each registered consumable hemp
25 product for the purpose of confirming registration of the product
26 and allowing verification of the product by law enforcement.

1 CHAPTER 321. NATURAL HEMP FLOWER REQUIREMENTS

2 Sec. 321.001. TEXAS ORIGIN. Natural hemp flower
3 distributed and sold in this state must be grown in this state.

4 Sec. 321.002. ADDITIVES PROHIBITED. A grower,
5 manufacturer, distributor, or retailer of hemp may not add any
6 ingredient to natural hemp flower.

7 Sec. 321.003. PACKAGING. A natural hemp flower must be
8 sealed in a child resistant container that is labeled with:

9 (1) the retail license number and hemp testing
10 laboratory number; and

11 (2) a QR code that links to the certificate of analysis
12 showing that the total tetrahydrocannabinol concentration is less
13 than 0.3 percent by dry weight.

14 CHAPTER 322. PACKAGING, LABELING, AND ADVERTISING OF CONSUMABLE
15 HEMP PRODUCTS

16 Sec. 322.001. LABELING REQUIREMENTS. (a) Before a
17 consumable hemp product that contains or is marketed as containing
18 more than trace amounts of cannabinoids may be distributed or sold,
19 the product must be labeled in the manner provided by this section
20 with the following information:

21 (1) the common name of the product, stated clearly,
22 prominently, and truthfully;

23 (2) the product ingredients;

24 (3) any relevant major food allergens identified in
25 the federal Food and Drug Act;

26 (4) the batch identification number;

27 (5) the batch date;

1 (6) the product name;

2 (7) a uniform resource locator that provides or links
3 to a certificate of analysis for the product;

4 (8) the name and commission license number of the
5 product's manufacturer;

6 (9) a certification that the tetrahydrocannabinol
7 content of the product complies with state law;

8 (10) the identity and concentration of each
9 hemp-derived cannabinoid in the product; and

10 (11) if the product contains tetrahydrocannabinols, a
11 tetrahydrocannabinol warning icon adopted by the commission.

12 (b) Each consumable hemp product, including the container
13 and package, if applicable, must be labeled with:

14 (1) a QR code that links to the commission's product
15 registration list under Section 320.007, including the identifying
16 pictures of the back and front of the product; and

17 (2) the following message placed adjacent to the
18 required QR code on the label: "SCAN QR CODE BEFORE PURCHASE".

19 (c) The labeling required under this section must appear on
20 each unit of the product intended for individual retail sale. If
21 that unit includes inner and outer packaging, the labeling may
22 appear on any of that packaging.

23 (d) Packaging for a consumable hemp product that contains
24 tetrahydrocannabinols must be tamper evident and child resistant.

25 Sec. 322.002. PACKAGING PROHIBITIONS. (a) A person may not
26 market, advertise, sell, or cause to be sold a consumable hemp
27 product that:

1 (1) is in the shape of a human, animal, fruit, or
2 cartoon or in another shape that is attractive to minors; or

3 (2) is in packaging or a container that:

4 (A) is in the shape of a human, animal, fruit, or
5 cartoon or in another shape that is attractive to minors;

6 (B) depicts an image of a human, animal, fruit,
7 or cartoon or another image that is attractive to minors;

8 (C) imitates or mimics trademarks or trade dress
9 of products that are or have been primarily marketed to minors;

10 (D) includes a symbol that is primarily used to
11 market products to minors;

12 (E) includes an unauthorized image of a
13 celebrity; or

14 (F) includes an image that resembles a food
15 product, including candy or juice.

16 (b) For purposes of this section, a cartoon includes a
17 depiction of an object, person, animal, creature, or any similar
18 caricature that:

19 (1) uses comically exaggerated features and
20 attributes;

21 (2) assigns human characteristics to animals, plants,
22 or other objects; or

23 (3) has unnatural or extra-human abilities, including
24 imperviousness to pain or injury, x-ray vision, tunneling at very
25 high speeds, and transformation.

26 Sec. 322.003. ADVERTISING RESTRICTIONS. (a) A person may
27 not advertise or promote a consumable hemp product in a manner that

1 is targeted or attractive to minors or that could cause a reasonable
2 person or minor to confuse the product for medicine, candy, snacks,
3 or other food products that are widely distributed and familiar to
4 the public.

5 (b) A person may not advertise or use signage that asserts
6 consumable hemp products are safe because the products are:

7 (1) regulated by the state or the commission; or

8 (2) tested by the state, commission, another
9 governmental entity, or a testing facility.

10 (c) A person may not advertise a consumable hemp product
11 using amplified sound from, or signs, pictures, or video on, a
12 vehicle on a public street or highway.

13 Sec. 322.004. LICENSE HOLDER ADVERTISING RESTRICTIONS. (a)
14 A license holder may not:

15 (1) engage in advertising that is deceptive, false, or
16 misleading;

17 (2) make any deceptive, false, or misleading
18 assertions or statements on a product, sign, or document provided
19 to a consumer;

20 (3) engage in marketing directed toward
21 location-based devices, including cellular phones; or

22 (4) use unsolicited pop-up advertisements on an
23 Internet website.

24 Sec. 322.005. PROHIBITED SPONSORSHIP OR ADVERTISEMENT AT
25 CERTAIN EVENTS. A license holder may not sponsor, and a person may
26 not advertise a consumable hemp product at, a charitable, sports,
27 or similar event.

1 Sec. 322.006. LOCATION OF ADVERTISEMENTS. (a) In this
2 section:

3 (1) "Homeless shelter" has the meaning assigned by
4 Section 109.36.

5 (2) "Playground" and "school" have the meanings
6 assigned by Section 481.134, Health and Safety Code.

7 (b) A person may not advertise a consumable hemp product or
8 a consumable hemp product business on an outdoor sign that is within
9 300 feet of a school, church, playground, day-care center,
10 child-care center, homeless shelter, or substance abuse treatment
11 center.

12 (c) Subsection (b) does not apply to a license holder
13 engaged in business unrelated to consumable hemp products if the
14 advertisement does not promote a consumable hemp product or the
15 license holder's involvement with a consumable hemp product.

16 Sec. 322.007. ADVERTISING; RULES. The commission shall
17 adopt rules regarding the advertisement and promotion of consumable
18 hemp products by licenseholders, including rules that restrict the
19 advertisement or promotion of a consumable hemp product to minors
20 to the full extent permitted by the United States Constitution and
21 Texas Constitution.

22 SUBTITLE E. ENFORCEMENT

23 CHAPTER 340. PROHIBITIONS AND OFFENSES

24 SUBCHAPTER A. GENERAL PROVISIONS

25 Sec. 340.001. PROHIBITIONS. (a) A person may not sell,
26 offer for sale, possess, distribute, or transport a consumable hemp
27 product or hemp beverage in this state that:

1 (1) contains any material extracted or derived from
2 the plant cannabis sativa L., other than from hemp produced in
3 compliance with 7 U.S.C. Subchapter VII, Chapter 38;

4 (2) is not labeled with the license numbers of the
5 manufacturer and hemp testing laboratory that performed the
6 compliance testing for the product's batch; or

7 (3) has not been tested by a hemp testing laboratory in
8 compliance with Chapter 305.

9 (b) The commission and the Department of Public Safety shall
10 establish a process for the random testing of consumable hemp
11 products and hemp beverages at various retail and other
12 establishments that sell, offer for sale, distribute, or use the
13 products or beverages to ensure that the products or beverages:

14 (1) do not contain harmful ingredients;

15 (2) are produced in compliance with 7 U.S.C.
16 Subchapter VII, Chapter 38; and

17 (3) have a tetrahydrocannabinol content in compliance
18 with the applicable limit established by Section 1.04(35), 59.10,
19 or 320.005.

20 Sec. 340.002. DECEPTIVE TRADE PRACTICE. A person who
21 sells, offers for sale, or distributes a consumable hemp product or
22 hemp beverage commits a false, misleading, or deceptive act or
23 practice actionable under Subchapter E, Chapter 17, Business &
24 Commerce Code:

25 (1) if the person falsely claims the product or
26 beverage has been processed or manufactured in compliance with this
27 title; or

1 (2) if the product or beverage:

2 (A) contains harmful ingredients;

3 (B) is not produced in compliance with 7 U.S.C.
4 Subchapter VII, Chapter 38; or

5 (C) has a tetrahydrocannabinol content that
6 exceeds the applicable limit established by Section 1.04(35),
7 59.10, or 320.005.

8 SUBCHAPTER B. CRIMINAL OFFENSES

9 Sec. 340.101. OFFENSE: MANUFACTURE, DELIVERY, OR
10 POSSESSION WITH INTENT TO DELIVER CERTAIN CONSUMABLE HEMP PRODUCTS
11 OR HEMP BEVERAGES. (a) A person commits an offense if the person
12 knowingly manufactures, delivers, or possesses with intent to
13 deliver a consumable hemp product or hemp beverage that contains:

14 (1) synthetic or converted cannabinoids; or

15 (2) an amount of tetrahydrocannabinol that exceeds the
16 applicable limit established by Section 1.04(35), 59.10, or
17 320.005.

18 (b) An offense under this section is a state jail felony.

19 (c) If conduct constituting an offense under this section
20 also constitutes an offense under another law, the actor may be
21 prosecuted under this section, the other law, or both.

22 Sec. 340.102. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE
23 HEMP PRODUCTS OR HEMP BEVERAGES. (a) A person commits an offense
24 if the person intentionally or knowingly possesses a consumable
25 hemp product or hemp beverage that contains:

26 (1) synthetic or converted cannabinoids; or

27 (2) an amount of tetrahydrocannabinol that exceeds the

1 applicable limit established by Section 1.04(35), 59.10, or
2 320.005.

3 (b) An offense under this section is a Class A misdemeanor.

4 (c) If conduct constituting an offense under this section
5 also constitutes an offense under another law, the actor may be
6 prosecuted under this section, the other law, or both.

7 Sec. 340.103. OFFENSE: SALE OR DELIVERY OF CONSUMABLE HEMP
8 PRODUCTS OR HEMP BEVERAGES NEAR SCHOOL. (a) In this section,
9 "premises," notwithstanding any other provision of this code, and
10 "school" have the meanings assigned by Section 481.134, Health and
11 Safety Code.

12 (b) A person commits an offense if the person sells, offers
13 for sale, or delivers a consumable hemp product or hemp beverage in,
14 on, or within 300 feet of the premises of a school.

15 (c) An offense under this section is a Class B misdemeanor.

16 Sec. 340.104. OFFENSE: FALSE LABORATORY REPORT. (a) A
17 person commits an offense if the person, with the intent to deceive,
18 forges, falsifies, or alters the results of a laboratory test
19 authorized or required by this title.

20 (b) An offense under this section is a felony of the third
21 degree.

22 Sec. 340.105. OFFENSE: PURCHASE AND POSSESSION LIMITS OF
23 NATURAL HEMP FLOWER. (a) A person who does not hold a license under
24 this title commits an offense if the person:

25 (1) purchases more than one ounce of natural hemp
26 flower in one day; or

27 (2) knowingly possesses more than one ounce of natural

1 hemp flower.

2 (b) An offense under this section is a Class B misdemeanor.

3 Sec. 340.106. OFFENSE: POSSESSION OF NATURAL HEMP FLOWER
4 IN OPEN CONTAINER IN MOTOR VEHICLE. (a) In this section:

5 (1) "Open container" means a package, container, or
6 other receptacle that contains any amount of natural hemp flower
7 and that is open, that has been opened, that has a broken seal, or
8 the contents of which are partially removed.

9 (2) "Passenger area of a motor vehicle" means the area
10 of a motor vehicle designed for the seating of the operator and
11 passengers of the vehicle. The term does not include:

12 (A) a glove compartment or similar storage
13 container that is locked;

14 (B) the trunk of a vehicle; or

15 (C) the area behind the last upright seat of the
16 vehicle, if the vehicle does not have a trunk.

17 (3) "Public highway" means the entire width between
18 and immediately adjacent to the boundary lines of any public road,
19 street, highway, interstate, or other publicly maintained way if
20 any part is open for public use for the purpose of motor vehicle
21 travel. The term includes the right-of-way of a public highway.

22 (b) A person commits an offense if the person knowingly
23 possesses an open container in a passenger area of a motor vehicle
24 that is located on a public highway, regardless of whether the
25 vehicle is being operated or is stopped or parked. Possession by a
26 person of one or more open containers in a single criminal episode
27 is a single offense.

1 (c) It is an exception to the application of Subsection (b)
2 that at the time of the offense the defendant was a passenger in:

3 (1) the passenger area of a motor vehicle designed,
4 maintained, or used primarily for the transportation of persons for
5 compensation, including a bus, taxicab, or limousine; or

6 (2) the living quarters of a motorized house coach or
7 motorized house trailer, including a self-contained camper, a motor
8 home, or a recreational vehicle.

9 (d) An offense under this section is a Class C misdemeanor.

10 (e) A peace officer charging a person with an offense under
11 this section, instead of taking the person before a magistrate,
12 shall issue to the person a written citation and notice to appear
13 that contains the time and place the person must appear before a
14 magistrate, the name and address of the person charged, and the
15 offense charged. If the person makes a written promise to appear
16 before the magistrate by signing in duplicate the citation and
17 notice to appear issued by the officer, the officer shall release
18 the person.

19 SECTION 86. The heading to Chapter 501, Election Code, is
20 amended to read as follows:

21 CHAPTER 501. LOCAL OPTION ELECTIONS ON SALE OF CONSUMABLE HEMP
22 PRODUCTS, HEMP BEVERAGES, OR ALCOHOLIC BEVERAGES

23 SECTION 87. Section 501.001(1), Election Code, is amended
24 to read as follows:

25 (1) "Alcoholic beverage," "commission," "consumable
26 hemp product," "hemp beverage," "liquor," "malt beverage," "mixed
27 beverage," and "wine and vinous liquor" have the meanings assigned

1 by Section 1.04, Alcoholic Beverage Code.

2 SECTION 88. Section 501.021, Election Code, is amended to
3 read as follows:

4 Sec. 501.021. ELECTION TO BE HELD BY PETITION. On proper
5 petition by the required number of voters of a county, justice
6 precinct, or municipality in the county, the commissioners court
7 shall order a local option election in the political subdivision to
8 determine whether the sale of consumable hemp products, hemp
9 beverages, or alcoholic beverages of one or more of the various
10 types and alcoholic contents shall be prohibited or legalized in
11 the political subdivision.

12 SECTION 89. Section 501.023(a), Election Code, is amended
13 to read as follows:

14 (a) If 10 or more qualified voters of any county, justice
15 precinct, or municipality file a written application and provide
16 proof of publication of notice in a newspaper of general
17 circulation in that political subdivision, the county clerk of the
18 county shall issue to the applicants a petition to be circulated
19 among the qualified voters of the political subdivision for the
20 signatures of those qualified voters who desire that a local option
21 election be called for the purpose of determining whether the sale
22 of consumable hemp products, hemp beverages, or alcoholic beverages
23 of one or more of the various types and alcoholic contents shall be
24 prohibited or legalized in the political subdivision. The notice
25 must include:

26 (1) the individual or entity that is applying for the
27 petition to gather signatures for a local option [~~liquor~~] election;

- 1 (2) the type of local option [~~liquor~~] election;
- 2 (3) the name of the political subdivision in which the
3 petition will be circulated; and
- 4 (4) the name and title of the person with whom the
5 application will be filed.

6 SECTION 90. Sections 501.024(a) and (b), Election Code, are
7 amended to read as follows:

8 (a) An application for a petition seeking an election to
9 prohibit the sale of consumable hemp products, hemp beverages, or
10 alcoholic beverages of one or more of the various types and
11 alcoholic contents must be headed: "Application for Local Option
12 Election Petition to Prohibit."

13 (b) The application must contain a statement just ahead of
14 the signatures of the applicants, as follows: "It is the hope,
15 purpose and intent of the applicants whose signatures appear hereon
16 to see prohibited the sale of consumable hemp products, hemp
17 beverages, or alcoholic beverages, as applicable, referred to in
18 the issue set out above."

19 SECTION 91. Sections 501.025(a) and (b), Election Code, are
20 amended to read as follows:

21 (a) An application for a petition seeking an election to
22 legalize the sale of consumable hemp products, hemp beverages, or
23 alcoholic beverages of one or more of the various types and
24 alcoholic contents must be headed: "Application for Local Option
25 Election Petition to Legalize."

26 (b) The application must contain a statement just ahead of
27 the signatures of the applicants, as follows: "It is the hope,

1 purpose and intent of the applicants whose signatures appear hereon
2 to see legalized the sale of consumable hemp products, hemp
3 beverages, or alcoholic beverages, as applicable, referred to in
4 the issue set out above."

5 SECTION 92. Sections 501.027(a) and (b), Election Code, are
6 amended to read as follows:

7 (a) Each page of the petition for a local option election
8 seeking to prohibit the sale of consumable hemp products, hemp
9 beverages, or alcoholic beverages of one or more of the various
10 types and alcoholic contents must be headed "Petition for Local
11 Option Election to Prohibit."

12 (b) The petition must contain a statement just ahead of the
13 signatures of the petitioners, as follows: "It is the hope, purpose
14 and intent of the petitioners whose signatures appear hereon to see
15 prohibited the sale of consumable hemp products, hemp beverages, or
16 alcoholic beverages, as applicable, referred to in the issue set
17 out above."

18 SECTION 93. Sections 501.028(a) and (b), Election Code, are
19 amended to read as follows:

20 (a) Each page of the petition for a local option election
21 seeking to legalize the sale of consumable hemp products, hemp
22 beverages, or alcoholic beverages of one or more of the various
23 types and alcoholic contents must be headed "Petition for Local
24 Option Election to Legalize."

25 (b) The petition must contain a statement just ahead of the
26 signatures of the petitioners, as follows: "It is the hope, purpose
27 and intent of the petitioners whose signatures appear hereon to see

1 legalized the sale of consumable hemp products, hemp beverages, or
2 alcoholic beverages, as applicable, referred to in the issue set
3 out above."

4 SECTION 94. Section 501.034(a), Election Code, is amended
5 to read as follows:

6 (a) The election order must state in its heading and text
7 whether the local option election to be held is for the purpose of
8 prohibiting or legalizing the sale of consumable hemp products,
9 hemp beverages, or the alcoholic beverages set out in the issue
10 recited in the application and petition.

11 SECTION 95. Sections 501.035(b) and (c), Election Code, are
12 amended to read as follows:

13 (b) In an area where consumable hemp products, hemp
14 beverages, or any type or classification of alcoholic beverages is
15 prohibited and the issue submitted pertains to legalization of the
16 sale of one or more of the prohibited types or classifications, the
17 ballot shall be prepared to permit voting for or against the one of
18 the following issues that applies:

19 (1) "The legal sale of malt beverages for off-premise
20 consumption only."

21 (2) "The legal sale of malt beverages."

22 (3) "The legal sale of malt beverages and wine for
23 off-premise consumption only."

24 (4) "The legal sale of malt beverages and wine."

25 (5) "The legal sale of all alcoholic beverages for
26 off-premise consumption only."

27 (6) "The legal sale of all alcoholic beverages except

1 mixed beverages."

2 (7) "The legal sale of all alcoholic beverages
3 including mixed beverages."

4 (8) "The legal sale of mixed beverages."

5 (9) "The legal sale of mixed beverages in restaurants
6 by food and beverage certificate holders only."

7 (10) "The legal sale of wine on the premises of a
8 holder of a winery permit."

9 (11) "The legal sale of consumable hemp products."

10 (12) "The legal sale of hemp beverages."

11 (c) In an area where the sale of consumable hemp products,
12 hemp beverages, or any type or classification of alcoholic
13 beverages has been legalized, the ballot for a prohibitory election
14 shall be prepared to permit voting for or against the one of the
15 following issues that applies:

16 (1) "The legal sale of malt beverages for off-premise
17 consumption only."

18 (2) "The legal sale of malt beverages."

19 (3) "The legal sale of malt beverages and wine for
20 off-premise consumption only."

21 (4) "The legal sale of malt beverages and wine."

22 (5) "The legal sale of all alcoholic beverages for
23 off-premise consumption only."

24 (6) "The legal sale of all alcoholic beverages except
25 mixed beverages."

26 (7) "The legal sale of all alcoholic beverages
27 including mixed beverages."

1 (8) "The legal sale of mixed beverages."

2 (9) "The legal sale of mixed beverages in restaurants
3 by food and beverage certificate holders only."

4 (10) "The legal sale of wine on the premises of a
5 holder of a winery permit."

6 (11) "The legal sale of consumable hemp products."

7 (12) "The legal sale of hemp beverages."

8 SECTION 96. Section 501.107, Election Code, is amended to
9 read as follows:

10 Sec. 501.107. COUNTY PAYMENT OF ELECTION EXPENSES. The
11 county shall pay the expense of holding a local option election
12 authorized by this chapter in the county, justice precinct, or
13 municipality in that county except that:

14 (1) if an election is to be held only within the
15 corporate limits of a municipality located wholly within the
16 county, the county may require the municipality to reimburse the
17 county for all or part of the expenses of holding the local option
18 election;

19 (2) county payment of the expense of an election to
20 legalize the sale of consumable hemp products, hemp beverages, or
21 alcoholic beverages is limited to the holding of one election in a
22 political subdivision during a one-year period; and

23 (3) county payment of the expense of an election to
24 prohibit the sale of consumable hemp products, hemp beverages, or
25 alcoholic beverages is limited to the holding of one election in a
26 political subdivision during a one-year period.

27 SECTION 97. Section 501.109(a), Election Code, is amended

1 to read as follows:

2 (a) This section applies only to an election to permit or
3 prohibit the legal sale of consumable hemp products, hemp
4 beverages, or alcoholic beverages of one or more of the various
5 types and alcoholic contents in a municipality.

6 SECTION 98. Sections 501.151(b) and (c), Election Code, are
7 amended to read as follows:

8 (b) In a prohibitory election, if a majority of the votes
9 cast do not favor the issue "The legal sale. . .," the court's order
10 must state that the sale of consumable hemp products, hemp
11 beverages, or the type or types of beverages stated in the issue at
12 the election is prohibited effective on the 30th day after the date
13 the order is entered. The prohibition remains in effect until
14 changed by a subsequent local option election held under this
15 chapter.

16 (c) In a legalization election, if a majority of the votes
17 cast favor the issue "The legal sale . . .," the legal sale of
18 consumable hemp products, hemp beverages, or the type or types of
19 beverages stated in the issue at the election is legal on the
20 entering of the court's order. The legalization remains in effect
21 until changed by a subsequent local option election held under this
22 code.

23 SECTION 99. Section 501.154(a), Election Code, is amended
24 to read as follows:

25 (a) A commissioners court order declaring the result of a
26 local option election and prohibiting the sale of any or all types
27 of consumable hemp products, hemp beverages, or alcoholic beverages

1 must be published by posting the order at three public places in the
2 county or other political subdivision in which the election was
3 held.

4 SECTION 100. Section 411.110(a), Government Code, is
5 amended to read as follows:

6 (a) The Department of State Health Services and the Health
7 and Human Services Commission are entitled to obtain criminal
8 history record information as provided by Subsection (a-1) that
9 relates to a person who is:

10 (1) an applicant for a license or certificate under
11 Chapter 773, Health and Safety Code, an owner or manager of an
12 applicant for an emergency medical services provider license under
13 that chapter, or the holder of a license or certificate under that
14 chapter;

15 (2) an applicant for a license or a license holder
16 under Subchapter I, L, or N, Chapter 431, Health and Safety Code;

17 (3) an applicant for employment at or current employee
18 of:

19 (A) a public health hospital as defined by
20 Section 13.033, Health and Safety Code; or

21 (B) the South Texas Health Care System;

22 (4) an applicant for employment at, current employee
23 of, or person who contracts or may contract to provide goods or
24 services with the Council on Sex Offender Treatment or other
25 division or component of the Health and Human Services Commission
26 that monitors sexually violent predators as described by Section
27 841.003(a), Health and Safety Code; or

1 (5) authorized to access vital records or the vital
2 records electronic registration system under Chapter 191, Health
3 and Safety Code, including an employee of or contractor for the
4 Department of State Health Services, a local registrar, a medical
5 professional, or a funeral director [~~or~~

6 [~~(6) an applicant for a license or a license holder~~
7 ~~under Subchapter C, Chapter 443, Health and Safety Code~~].

8 SECTION 101. Effective September 1, 2027, Section 431.011,
9 Health and Safety Code, is amended to read as follows:

10 Sec. 431.011. APPLICABILITY OF CHAPTER TO CONSUMABLE HEMP
11 PRODUCTS AND MANUFACTURERS. (a) This chapter applies to a
12 consumable hemp product subject to Title 7, Alcoholic Beverage Code
13 [~~Chapter 443~~]. An article regulated under this chapter may not be
14 deemed to be adulterated solely on the basis that the article is a
15 consumable hemp product.

16 (b) Except as provided by Subsection (c), this chapter
17 applies to the conduct of a person who holds a license under Title
18 7, Alcoholic Beverage Code [~~Chapter 443~~].

19 (c) A person who holds a license under Title 7, Alcoholic
20 Beverage Code, [~~Chapter 443~~] related to the processing of hemp or
21 the manufacturing of a consumable hemp product regulated under that
22 title [~~chapter~~] and is engaging in conduct within the scope of that
23 license is not required to hold a license as a food manufacturer or
24 food wholesaler under Subchapter J.

25 SECTION 102. Section 431.2211(a-3), Health and Safety Code,
26 is amended to read as follows:

27 (a-3) A person is not required to hold a license under this

1 subchapter if the person holds a license under Title 7, Alcoholic
2 Beverage Code, [Chapter 443] and is engaging in conduct within the
3 scope of that license.

4 SECTION 103. Section 60.002, Occupations Code, is amended
5 to read as follows:

6 Sec. 60.002. REQUIREMENTS FOR DIGITAL LICENSES. A
7 licensing authority that issues an occupational license may issue a
8 digital license to a license holder. If the licensing authority
9 issues a digital license, the digital license must comply with the
10 following requirements:

11 (1) the digital license must be in a secure format and
12 readily accessible by the license holder through an Internet
13 website and on a wireless communication device;

14 (2) the public must be able to view a license holder's
15 digital license through an Internet website or by using a QR code as
16 defined by Section 1.04, Alcoholic Beverage [~~443.001, Health and~~
17 ~~Safety~~] Code; and

18 (3) if the authority contracts with a vendor for the
19 issuance of a digital license, the digital license must be in a
20 format in which the vendor and authority can verify the validity of
21 the license.

22 SECTION 104. Subchapter A, Chapter 183, Tax Code, is
23 amended by adding Section 183.002 to read as follows:

24 Sec. 183.002. CERTAIN HEMP BEVERAGES. For purposes of this
25 chapter and Section 151.308, a mixed beverage includes a hemp
26 beverage as defined by Section 1.04, Alcoholic Beverage Code.

27 SECTION 105. Section 543.004(a), Transportation Code, is

1 amended to read as follows:

2 (a) An officer shall issue a written notice to appear if:

3 (1) the offense charged is:

4 (A) speeding;

5 (B) the use of a wireless communication device
6 under Section 545.4251; or

7 (C) a violation of an ~~the~~ open container law
8 under ~~7~~ Section 49.031, Penal Code, or Section 340.106, Alcoholic
9 Beverage Code; and

10 (2) the person makes a written promise to appear in
11 court as provided by Section 543.005.

12 SECTION 106. Section 545.420(e), Transportation Code, is
13 amended to read as follows:

14 (e) An offense under Subsection (a) is a Class A misdemeanor
15 if it is shown on the trial of the offense that:

16 (1) the person has previously been convicted one time
17 of an offense under that subsection; or

18 (2) the person, at the time of the offense:

19 (A) was operating the vehicle while intoxicated,
20 as defined by Section 49.01, Penal Code; or

21 (B) was in possession of an open container, as
22 defined by Section 49.031, Penal Code, or Section 340.106,
23 Alcoholic Beverage Code.

24 SECTION 107. Chapter 443, Health and Safety Code, is
25 repealed effective January 1, 2027.

26 SECTION 108. As soon as practicable after the effective
27 date of this Act, the Texas Alcoholic Beverage Commission and the

1 Department of State Health Services shall adopt rules as required
2 by this Act.

3 SECTION 109. (a) On January 1, 2027, the following are
4 transferred from the Department of State Health Services to the
5 Texas Alcoholic Beverage Commission:

6 (1) the powers, duties, and functions of the
7 Department of State Health Services under Title 7, Alcoholic
8 Beverage Code, as added by this Act; and

9 (2) all property and records in the custody of the
10 Department of State Health Services that are related to a power,
11 duty, or function transferred under this Act and all funds
12 appropriated by the legislature for that power, duty, or function.

13 (b) A rule, form, policy, procedure, or decision of the
14 Department of State Health Services related to a power, duty, or
15 function transferred under this Act continues in effect as a rule,
16 form, policy, procedure, or decision of the Texas Alcoholic
17 Beverage Commission and remains in effect until amended or replaced
18 by that agency. Notwithstanding any other law, beginning September
19 1, 2025, the Texas Alcoholic Beverage Commission may propose rules,
20 forms, policies, and procedures related to a function to be
21 transferred to the commission under this Act.

22 SECTION 110. Effective September 1, 2025, a person holding
23 a license, permit, or registration issued under Chapter 443, Health
24 and Safety Code, may continue to operate under that license,
25 permit, or registration until that license, permit, or registration
26 expires. The Department of State Health Services may not renew a
27 license, permit, or registration unless it complies with this Act.

1 SECTION 111. (a) Except as otherwise provided by this
2 section, this Act takes effect January 1, 2027.

3 (b) Sections 3, 45, 52 through 68, and 76 of this Act take
4 effect September 1, 2025.

5 (c) The following provisions, as added by this Act, take
6 effect September 1, 2025:

7 (1) Sections 301.001 and 301.002, Alcoholic Beverage
8 Code;

9 (2) Chapters 305, 321, and 340, Alcoholic Beverage
10 Code; and

11 (3) Sections 320.001, 320.002, 320.003, 320.004, and
12 320.005, Alcoholic Beverage Code.