

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

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15	X			
1-16			X	
1-17	X			
1-18	X			
1-19	X			

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

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

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

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

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

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

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

1-34 (a) The department shall:

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

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

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

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

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

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

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

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

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

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

1-59 (B) the ability to secure:

1-60 (i) the resources and personnel necessary

2-1 to operate as a dispensing organization; and
 2-2 (ii) premises reasonably located to allow
 2-3 patients listed on the compassionate-use registry access to the
 2-4 organization through existing infrastructure;

2-5 (C) the ability to maintain accountability for
 2-6 the raw materials, the finished product, and any by-products used
 2-7 or produced in the cultivation or production of low-THC cannabis to
 2-8 prevent unlawful access to or unlawful diversion or possession of
 2-9 those materials, products, or by-products; and

2-10 (D) the financial ability to maintain operations
 2-11 for not less than two years from the date of application;

2-12 (2) each director, owner, manager, or employee of the
 2-13 applicant is registered under Subchapter D; and

2-14 (3) the applicant satisfies any additional criteria
 2-15 determined by the director to be necessary to safely implement this
 2-16 chapter.

2-17 SECTION 4. Section 487.103(b), Health and Safety Code, is
 2-18 amended to read as follows:

2-19 (b) The application must include:

2-20 (1) the name and address of the applicant;

2-21 (2) ~~the~~ the name and address of each of the applicant's
 2-22 directors, owners, managers, and employees;

2-23 (3) the address of any satellite location that will be
 2-24 used by the applicant for secure storage of low-THC cannabis under
 2-25 Section 487.1035; ~~the~~ and

2-26 (4) any other information considered necessary by the
 2-27 department to determine the applicant's eligibility for the
 2-28 license.

2-29 SECTION 5. Subchapter C, Chapter 487, Health and Safety
 2-30 Code, is amended by adding Section 487.1035 to read as follows:

2-31 Sec. 487.1035. SATELLITE LOCATIONS. (a) A dispensing
 2-32 organization licensed under this chapter may operate one or more
 2-33 satellite locations in addition to the organization's primary
 2-34 location to securely store low-THC cannabis for distribution.

2-35 (b) A satellite location must be approved by the department
 2-36 before a dispensing organization may operate the location. A
 2-37 dispensing organization may apply for approval in the form and
 2-38 manner prescribed by the department.

2-39 (c) The department must act on an application submitted
 2-40 under Subsection (b) not later than the 90th day after the date the
 2-41 application is submitted to the department.

2-42 (d) The director shall adopt rules regarding the design and
 2-43 security requirements for satellite locations.

2-44 SECTION 6. Section 487.104, Health and Safety Code, is
 2-45 amended by adding Subsections (d), (e), (f), and (g) to read as
 2-46 follows:

2-47 (d) The department shall issue nine licenses under this
 2-48 section to dispensing organizations in this state provided that the
 2-49 department receives applications from a sufficient number of
 2-50 applicants meeting the requirements for approval under this
 2-51 subchapter.

2-52 (e) The department shall issue initial licenses to
 2-53 dispensing organizations under this section based on a competitive
 2-54 evaluation of applicant qualifications relative to other
 2-55 applicants.

2-56 (f) The department shall issue and renew licenses under this
 2-57 section in a manner that ensures adequate access to low-THC
 2-58 cannabis for patients registered in the compassionate-use registry
 2-59 in each public health region designated under Section 121.007.

2-60 (g) The director shall adopt rules to establish a timeline
 2-61 for reviewing and taking action on an application submitted under
 2-62 this section.

2-63 SECTION 7. Subchapter C, Chapter 487, Health and Safety
 2-64 Code, is amended by adding Sections 487.1045 and 487.1046 to read as
 2-65 follows:

2-66 Sec. 487.1045. REQUIREMENT OF LICENSE HOLDER TO BEGIN AND
 2-67 MAINTAIN OPERATIONS. (a) An applicant issued a license to operate a
 2-68 dispensing organization must begin dispensing low-THC cannabis not
 2-69 later than 24 months after the date the license is issued and

3-1 continue dispensing low-THC cannabis during the term of a license
 3-2 issued under this subchapter.
 3-3 (b) The department shall adopt rules to:
 3-4 (1) establish a minimum amount of dispensing activity
 3-5 in which a dispensing organization must engage to maintain a
 3-6 license under this chapter;
 3-7 (2) monitor whether a dispensing organization is
 3-8 actively using a license issued under this subchapter to dispense
 3-9 low-THC cannabis and the amount of dispensing activity engaged in
 3-10 by the organization; and
 3-11 (3) revoke the license of a dispensing organization
 3-12 that:
 3-13 (A) does not dispense low-THC cannabis within the
 3-14 time required by this section; or
 3-15 (B) after the 24-month period following initial
 3-16 licensure, discontinues dispensing low-THC cannabis or fails to
 3-17 meet the minimum dispensing activity requirement under Subdivision
 3-18 (1) during the term of a license.
 3-19 Sec. 487.1046. LOCATION. (a) A license holder may not
 3-20 operate as a dispensing organization or establish a satellite
 3-21 location within 1,000 feet of the premises of a school that exists
 3-22 on the date of the approval of the license holder's initial
 3-23 application for licensure as a dispensing organization or approval
 3-24 of a satellite location, as applicable.
 3-25 (b) In this section, "school" and "premises" have the
 3-26 meanings assigned by Section 481.134.
 3-27 SECTION 8. Sections 487.105(a) and (b), Health and Safety
 3-28 Code, are amended to read as follows:
 3-29 (a) An applicant for the issuance or renewal of a license to
 3-30 operate as a dispensing organization shall provide the department
 3-31 with the applicant's name and the name of each of the applicant's
 3-32 directors, owners, managers, and employees.
 3-33 (b) Before a dispensing organization licensee hires a
 3-34 manager or employee for the organization, the licensee must provide
 3-35 the department with the name of the prospective manager or
 3-36 employee. The licensee may not transfer the license to another
 3-37 person before that prospective applicant and the applicant's
 3-38 directors, owners, managers, and employees pass a criminal history
 3-39 background check and are registered as required by Subchapter D.
 3-40 SECTION 9. Section 487.107, Health and Safety Code, is
 3-41 amended by adding Subsection (c) to read as follows:
 3-42 (c) A dispensing organization may not dispense to a person
 3-43 low-THC cannabis in a:
 3-44 (1) package or container that contains more than a
 3-45 total of one gram of tetrahydrocannabinols; or
 3-46 (2) medical device for pulmonary inhalation that
 3-47 contains more than one gram of tetrahydrocannabinols.
 3-48 SECTION 10. Subchapter C, Chapter 487, Health and Safety
 3-49 Code, is amended by adding Section 487.1071 to read as follows:
 3-50 Sec. 487.1071. CANNABINOIDS ELIGIBLE FOR DISPENSING. (a)
 3-51 In this section, "phytocannabinoid" means a chemical substance:
 3-52 (1) created naturally by a plant of the species
 3-53 Cannabis sativa L. that is separated from the plant by a mechanical
 3-54 or chemical extraction process;
 3-55 (2) created naturally by a plant of the species
 3-56 Cannabis sativa L. that binds to or interacts with the cannabinoid
 3-57 receptors of the endocannabinoid system; or
 3-58 (3) produced by decarboxylation from a naturally
 3-59 occurring cannabinoid acid without the use of a chemical catalyst.
 3-60 (b) A dispensing organization may not dispense a low-THC
 3-61 cannabis product that contains a cannabinoid that is not a
 3-62 phytocannabinoid.
 3-63 SECTION 11. Section 487.151(a), Health and Safety Code, is
 3-64 amended to read as follows:
 3-65 (a) An individual who is a director, owner, manager, or
 3-66 employee of a dispensing organization must apply for and obtain a
 3-67 registration under this section.
 3-68 SECTION 12. Section 487.201, Health and Safety Code, is
 3-69 amended to read as follows:

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

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

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

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

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

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

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

4-27 (1) the patient is a permanent resident of the state;

4-28 (2) the physician complies with the registration
4-29 requirements of Section 169.004; and

4-30 (3) the physician certifies to the department that:

4-31 (A) the patient is diagnosed with:

4-32 (i) epilepsy;

4-33 (ii) a seizure disorder;

4-34 (iii) multiple sclerosis;

4-35 (iv) spasticity;

4-36 (v) amyotrophic lateral sclerosis;

4-37 (vi) autism;

4-38 (vii) cancer;

4-39 (viii) an incurable neurodegenerative

4-40 disease;

4-41 (ix) post-traumatic stress disorder; ~~or~~

4-42 (x) a terminal illness or a condition for

4-43 which a patient is receiving hospice care; or

4-44 (xi) a medical condition that is approved

4-45 for a research program under Subchapter F, Chapter 487, Health and

4-46 Safety Code, and for which the patient is receiving treatment under

4-47 that program; and

4-48 (B) the physician determines the risk of the

4-49 medical use of low-THC cannabis by the patient is reasonable in

4-50 light of the potential benefit for the patient.

4-51 (b) Each prescription issued by a physician to a patient for

4-52 low-THC cannabis:

4-53 (1) may only provide for a 90-day supply of low-THC

4-54 cannabis based on the dosage prescribed to the patient; and

4-55 (2) may provide up to four refills of a 90-day supply

4-56 of low-THC cannabis.

4-57 SECTION 15. Chapter 169, Occupations Code, is amended by

4-58 adding Section 169.006 to read as follows:

4-59 Sec. 169.006. ADMINISTRATION OF LOW-THC CANNABIS BY

4-60 PULMONARY INHALATION. (a) A physician may prescribe pulmonary

4-61 inhalation of an aerosol or vapor as a means of administration of

4-62 low-THC cannabis if the physician determines that based on the

4-63 patient's condition there is a medical necessity for that means of

4-64 administration.

4-65 (b) The executive commissioner of the Health and Human

4-66 Services Commission shall adopt rules related to medical devices

4-67 for pulmonary inhalation of low-THC cannabis.

4-68 SECTION 16. Notwithstanding Section 487.1046, Health and

4-69 Safety Code, as added by this Act, a licensed dispensing

5-1 organization that, on the effective date of this Act, is operating
5-2 in a location that is within 1,000 feet of the premises of a school
5-3 may continue to operate in that location.

5-4 SECTION 17. Not later than April 1, 2026, the Department of
5-5 Public Safety shall license at least nine dispensing organizations
5-6 in accordance with Section 487.104, Health and Safety Code, as
5-7 amended by this Act, including those already licensed and actively
5-8 operating as of the effective date of this Act, provided at least
5-9 nine applicants for a license to operate as a dispensing
5-10 organization have met the requirements for approval provided by
5-11 Subchapter C, Chapter 487, Health and Safety Code, as amended by
5-12 this Act.

5-13 SECTION 18. Not later than October 1, 2025:

5-14 (1) the Department of Public Safety shall adopt the
5-15 rules necessary to implement Sections 487.1035 and 487.1045, Health
5-16 and Safety Code, as added by this Act; and

5-17 (2) the executive commissioner of the Health and Human
5-18 Services Commission shall adopt the rules necessary to implement
5-19 Section 169.006, Occupations Code, as added by this Act.

5-20 SECTION 19. This Act takes effect September 1, 2025.

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