

CAUSE NO. _____

TEXAS HEMP BUSINESS COUNCIL;
HEMP INDUSTRY & FARMERS OF
AMERICA; ALCHEMY TX
CONSULTING, LLC; A TO Z
IVESTMENTS AND WHOLESALE,
LLC; CPRT AND COMPANY, LLC dba
SERENITY ORGANICS; TEXAS
GREEN CRAFT, LLC aka TEXAKANA
ORGANICS; ELEVATE ONE TX, LLC
dba ELEVATE WELLNESS
DISPENSARY, LLC; CLUTCH CITY
GAS LLC dba TEXAS HIGH
COUNCIL; SALGANIK SERVICES,
INC.; and WYATT PURP LLC,

Plaintiffs,

v.

TEXAS DEPARTMENT OF
STATE HEALTH SERVICES,
JENNIFER SHUFORD, in her official
capacity as Commissioner of
DSHS, TEXAS HEALTH AND
HUMAN SERVICES COMMISSION,
STEPHANIE MUTH, in her official
capacity as Executive Commissioner of
HHSC, and WARREN KENNETH
PAXTON JR., in his official capacity as
the Attorney General of Texas,

Defendants.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

_____ JUDICIAL DISTRICT

**PLAINTIFFS’ VERIFIED ORIGINAL PETITION AND
APPLICATION FOR TEMPORARY RESTRAINING ORDER AND
TEMPORARY AND PERMANENT INJUNCTION**

Plaintiffs Texas Hemp Business Council (“THBC”), Hemp Industry & Farmers of America (“HIFA”), Alchemy TX Consulting, LLC (“Alchemy”), A To Z Ivestments and Wholesale, LLC operating under the assumed name Burners – Vape, Smoke, and Herb (“Burners”), CPRT and Company, LLC dba Serenity Organics – Your CBD Apothecary (“Serenity Organics”), Texas

Green Craft, LLC aka TexaKana Organics (“TexaKana”), Elevate One TX, LLC dba Elevate Wellness Dispensary, LLC; Clutch City Gas LLC dba Texas High Council; Salganik Services, Inc.; and, Wyatt Purp LLC (collectively “Plaintiffs”), file this Verified Original Petition and Application for Temporary Restraining Order and Temporary and Permanent Injunction against the Texas Department of State Health Services (“DSHS”); its Commissioner Jennifer Shuford in her official capacity; the Texas Health and Human Services Commission (“HHSC”); its Executive Commissioner Stephanie Muth in her official capacity (together the “Administrative Defendants”); and Warren Kenneth Paxton Jr., in his official capacity as the Attorney General of Texas (the “Attorney General”).

Plaintiffs seek an immediate Temporary Restraining Order (“TRO”) in the form as attached at Exhibit 1, and thereafter seek a Temporary Injunction (“Injunction”) in the form attached as Exhibit 2.

Based on actual knowledge regarding themselves and their own acts and on information and belief regarding other persons and matters, Plaintiffs respectfully allege as follows:

I. INTRODUCTION

1. Texas has long promoted itself as a national leader in economic growth and regulatory stability. It is a state committed to fostering innovation, supporting lawful enterprise, and maintaining a predictable legal environment in which businesses can operate and invest. Consistent with that approach, Texas has chosen to permit and regulate the manufacture, distribution, and sale of consumable hemp products (“CHPs”) through a comprehensive statutory framework enacted by the Legislature in 2019. Plaintiffs support that framework and the State’s interest in ensuring that CHPs are produced and sold safely, responsibly, and in compliance with law. This lawsuit challenges certain administrative rules adopted by HHSC and DSHS effective March 31, 2026 that conflict with this legislative framework and exceed the agencies’ delegated

authority. However, Plaintiffs do not challenge the new rules enacting age-verification requirements and related consumer protections, which are within the scope of the agencies' authority and are consistent with the existing statutes and Governor Abbott's Executive Order GA-56. Indeed, Plaintiffs support regulation within the bounds established by the Legislature and the Constitution. This action challenges rules that exceed those bounds.

2. And so, this case does not ask the Court to resolve competing policy views about hemp regulation. This case concerns a different question, one about constitutional process: whether an administrative agency may substitute its own policy judgment for the outcome produced by the constitutional lawmaking process; a process that here ran its full course, from legislative passage through gubernatorial veto, through two special sessions, to its constitutionally intended result. That result was no new law. The Texas Constitution vests legislative power in the Legislature, and administrative agencies may exercise only the authority the Legislature has delegated to them. When an agency substitutes its own policy judgments for those of the Legislature, it crosses a structural boundary that Texas courts have repeatedly enforced.

3. In 2019, the Texas Legislature enacted House Bill 1325 and established a comprehensive regulatory framework governing hemp cultivation and the manufacture and sale of CHPs. Central to that framework is a statutory definition of "hemp" that encompasses the plant *Cannabis sativa* L. and all of its derivatives, extracts, cannabinoids, isomers, acids, and salts, including naturally occurring cannabinoid acids such as tetrahydrocannabinolic acid ("THCA"). At the same time, the Legislature established a single line of demarcation between lawful hemp and unlawful marijuana: a delta-9 tetrahydrocannabinol ("delta-9 THC") concentration of not more than 0.3 percent on a dry-weight basis. Under that framework, substances falling within the statutory definition are lawful hemp unless their delta-9 THC concentration exceeds that threshold.

4. In December 2025, DSHS and Commissioner Shuford, and HHSC and Executive Commissioner Muth (collectively, “the Administrative Defendants”) initially proposed a rule that rewrote the definition of “hemp,” attempting to replace the statutory limit of 0.3% delta-9 THC with a far more restrictive “total delta-9 THC” limit. In response to public comments identifying that proposal as inconsistent with governing law, the Administrative Defendants altered their approach.

5. In the final rules adopted in March 2026, the Administrative Defendants nominally restored the statutory definition of hemp. But they simultaneously embedded the same “total delta-9 THC” limit throughout the regulatory scheme governing testing, manufacturing, transporting, distributing, and selling CHPs. As a result, the 2026 rules preserve the Legislature’s definition in form while replacing it in operation. Under the new framework, compliance no longer turns on the statutory delta-9 THC concentration, but instead on a converted “total delta-9 THC” value calculated using a post-decarboxylation formula $[\text{Total delta-9 THC}] = [(0.877 \times \text{THCA}) + \text{delta-9 THC}]$. Consequently, products that satisfy the Legislature’s statutory definition of hemp are now treated as unlawful solely because of a non-statutory compliance metric.

6. The rules also expand the regulatory scheme beyond the scope authorized by the Legislature. Most notably, they prohibit the transport and processing of hemp plants and plant material used in manufacturing based on the same non-statutory THC metric. For Texas manufacturers, these restrictions not only prevent the interstate importation of hemp intended for processing, but, when combined with the rules’ in-process testing requirements, force even Texas-grown hemp that has been tested for compliance at the agricultural stage to be re-evaluated under a non-statutory metric during production. In practice, this prevents manufacturers from reliably

using plant material that was compliant when tested as required by law, substantially foreclosing in-state production of CHPs.

7. The rules further impose a sweeping fee and enforcement framework that significantly increases the cost of participation in the lawful hemp market and exposes regulated entities to escalating penalties and license revocation. The adopted rules raise licensing and registration fees by orders of magnitude—for example, increasing manufacturer license fees from \$250 to \$10,000 per facility and retail registration fees from \$150 to \$5,000 per location—while imposing additional charges such as ownership-change fees and heightened delinquency penalties. The rulemaking record reflects that these changes carry substantial economic consequences for regulated businesses across the state. These provisions function not merely as regulatory tools, but as significant economic barriers not authorized by statute.

8. These measures do not implement the Legislature’s policy choices; they replace them. And they do so against the backdrop of a constitutional lawmaking process that ran its full course—from legislative passage of Senate Bill 3 through gubernatorial veto, through two failed special sessions—and produced an unambiguous result: no new law. Texas law does not permit agencies to override that result through rulemaking.

9. Plaintiffs seek declaratory and injunctive relief because the challenged rules exceed Defendants’ delegated authority, conflict with Chapter 443 and related statutes, and, in the alternative, violate constitutional limits.

II. EXHIBITS

10. Plaintiffs rely on and incorporate hereto in support of their requested relief the following exhibits:

Exhibit	Description
Exhibit 1	Proposed Temporary Restraining Order

- Exhibit 2 Proposed Temporary Injunction
- Exhibit 3 Final Rules Adopted, Texas Register March 20, 2026
- Exhibit 4 Demonstrative Chart of Challenged Rules
- Exhibit 5 Affidavit of Mark Bordas (THBC)
 - Ex. 5.A: Hemp economics and polling data
 - Ex. 5.B: January 2025 letter to DSHS
 - Ex. 5.C: March 2026 letter to DSHS/HHSC
- Exhibit 6 Affidavit of Brian Swensen (HIFA)
- Exhibit 7 Affidavit of Lauren Michelle Bridges (Alchemy)
- Exhibit 8 Affidavit of Kenneth Shayne Berner (Burners)
- Exhibit 9 Affidavit of Melanne J. Carpenter (Serenity Organics)
- Exhibit 10 Affidavit of Colton David Luther (TexaKana)
- Exhibit 11 Affidavit of Timothy Rusch (Elevate Wellness)
- Exhibit 12 Affidavit of William Timothy Corrigan Jr. (Texas High Council)
- Exhibit 13 Affidavit of Kallan Salganik (Treehouse)
- Exhibit 14 Affidavit of Alan Lockley (Wyatt Purp)
- Exhibit 15 2019 Texas Farm Bill (H.B. 1325)
- Exhibit 16 2025 S.B. 3 (vetoed)
- Exhibit 17 House Public Comments to S.B. 3
(<https://capitol.texas.gov/tlodocs/89R/publiccomments/billhistory/SB00003H.pdf>)
- Exhibit 18 House Committee Witnesses to S.B. 3
- Exhibit 19 Senate Committee Witnesses to S.B.3
- Exhibit 20 Proclamation Vetoing S.B. 3 (Gov. Abbott)
- Exhibit 21 Proclamation for First Special Session, 89th Leg. (Gov. Abbott)

- Exhibit 22 Proclamation for Second Special Session, 89th Leg. (Gov. Abbott)
- Exhibit 23 Executive Order GA-56 (Gov. Abbott)
- Exhibit 24 Rule Review and Comment, Texas Register August 9, 2024
- Exhibit 25 Proposed Rules, Texas Register December 26, 2025
- Exhibit 26 Memorandum of Understanding between DSHS and TABC
- Exhibit 27 S.B. 1 (General Appropriations Act), 89th Leg., excerpts
- Exhibit 28 Texas Comptroller Webpages Regarding Fees/Costs

III. JURISDICTION AND VENUE

11. Plaintiffs bring a rule validity challenge under the Texas Administrative Procedure Act (“APA”) because the challenged rules and their threatened enforcement interfere with and impair, or threaten to interfere and impair, Plaintiffs’ legal rights and privileges. Tex. Gov’t Code § 2001.038 (waiving sovereign immunity of state agencies for an APA rule challenge).

12. Plaintiffs also allege that Commissioner Shuford and Executive Commissioner Muth engaged in ultra vires acts by adopting and intending to enforce the challenged March 2026 rules. This Court has jurisdiction to grant prospective declaratory and injunctive relief to restrain ultra vires conduct by state officials acting without legal authority or in conflict with governing statutes. *See Hensley v. State Comm’n on Judicial Conduct*, 692 S.W.3d 184, 205 (Tex. 2024) (holding sovereign immunity is waived for an ultra vires claim challenging a state official’s acts within the official’s limited discretion, seeking a prospective remedy).

13. This Court also has jurisdiction over Plaintiffs’ constitutional claims under Article V, § 8 of the Texas Constitution because Plaintiffs seek declaratory and injunctive relief against state officials acting without legal authority and in violation of constitutional provisions, including Tex. Const. art. I, §§ 13 and 19, and art. VIII, § 1(c).

14. Venue is mandatory in Travis County under § 2001.038(b). Tex. Gov't Code § 2001.038(b); *see also* Tex. Civ. Prac. & Rem. Code §§ 15.004, .016.

15. Venue is also proper in Travis County because all or a substantial part of the events or omissions giving rise to the claims occurred in Travis County, and because the principal offices of the agency defendants are in Travis County. Tex. Civ. Prac. & Rem. Code § 15.002(a)(1), (3).

16. Additionally, the claims asserted herein are ripe, and Plaintiffs have standing to assert these claims, as addressed below.

IV. PARTIES

17. Plaintiff Texas Hemp Business Council (“THBC”) is a Texas nonprofit trade association representing participants in the lawful Texas hemp and CHP industry, including growers, processors, manufacturers, distributors, and retailers throughout Texas. Exhibit 5, *Affidavit of Mark Bordas*.

18. Plaintiff Hemp Industry & Farmers of America (HIFA) is a nonpartisan coalition of hemp industry advocates representing the interests of the industry, such as farmers and manufacturers to retail stores, and advocates for the fundamental rights of farmers, manufacturers, and retailers to participate freely in the lawful hemp marketplace. Exhibit 6, *Affidavit of Brian Swensen*.

19. Plaintiff Alchemy TX Consulting, LLC (“Alchemy”) is a grower, manufacturer, distributor, and retailer in the Texas consumable hemp industry, based in Longview, Texas. Exhibit 7, *Affidavit of Lauren Michelle Bridges*.

20. Plaintiff A To Z Investments and Wholesale, LLC, which does business under the assumed name Burners – Vape, Smoke and Herbs (“Burners”), is a consumable hemp product retailer based in Dickinson, Texas with retail locations in League City and Bacliff, Texas. Exhibit 8, *Affidavit of Kenneth Shayne Berner*.

21. Plaintiff CPRT and Company, LLC is a consumable hemp retail company in Missouri City, Texas, which does business as the retail store Serenity Organics – Your CBD Apothecary (“Serenity Organics”). Exhibit 9, *Affidavit of Melanne J. Carpenter*.

22. Plaintiff Texas Green Craft, LLC aka TexaKana Organics (“TexaKana”) is a manufacturer, retailer, and food wholesaler of consumable hemp products based in Houston, Texas. Exhibit 10, *Affidavit of Colton David Luther*.

23. Plaintiff Elevate One TX, LLC dba Elevate Wellness Dispensary, LLC (“Elevate Wellness”) is a Texas limited liability company operating a brick-and-mortar retail hemp dispensary in Terrell, Texas, with a business model centered on the sale of natural hemp-derived products. Exhibit 11, *Affidavit of Timothy Rusch*.

24. Plaintiff Clutch City Gas LLC d/b/a Texas High Council (“Texas High Council”) is a Texas limited liability company based in Santa Fe, Texas, engaged in the retail, manufacturing, processing, and online sale of hemp and hemp-derived products. Exhibit 12, *Affidavit of William Timothy Corrigan Jr.*

25. Plaintiff Salganik Services Inc., together with the related entity or entities operating under the public-facing name Treehouse Dispensary (“Treehouse”), is a Texas hemp business operating multiple retail locations in Texas, including in Waco, Temple, and Fort Worth. Exhibit 13, *Affidavit of Kallan Salganik*.

26. Plaintiff Wyatt Purp LLC d/b/a Wyatt Purp (“Wyatt Purp”) is a Texas limited liability company based in Lewisville, Texas, engaged in the retail, wholesale, and online sale of consumable hemp products in Texas. Exhibit 14, *Affidavit of Alan Lockley*.

27. Defendant Texas Department of State Health Services (“DSHS”) is a Texas state agency headquartered in Austin, Texas. DSHS administers and enforces the State’s CHP program

and implements the rules challenged in this action, including by licensing and registration actions, compliance and inspection activities, and referral or pursuit of enforcement remedies under applicable law. The challenged rules were adopted by the Executive Commissioner of the Texas Health and Human Services Commission “on behalf of” DSHS (as reflected in the Texas Register rulemaking notices). Exhibit 3, *Final Rules Adopted, Texas Register March 20, 2026*. Plaintiffs bring this suit, in part, under Texas Government Code § 2001.038 to obtain a declaratory judgment regarding the validity of the challenged rules and their threatened application to Plaintiffs. Because § 2001.038(c) requires that the state agency be made a party to such an action, DSHS is properly joined as a defendant. DSHS shall be served through its Commissioner, Jennifer Shuford, at 1100 W. 49th Street, Austin, Texas 78756.

28. Defendant Jennifer Shuford is sued in her official capacity as the Commissioner of the Department of State Health Services. In this capacity, Commissioner Shuford is the chief executive officer of DSHS and is responsible for administering and implementing DSHS’s CHP regulatory program, including applying, enforcing, and giving effect to the rules challenged in this action and directing DSHS personnel to do so. Because Plaintiffs are regulated by (and must comply with) the challenged rules and face immediate, concrete injury from the rules’ application and threatened enforcement—including unlawful fees and punitive enforcement consequences—Commissioner Shuford is a state official who will cause and maintain those injuries through acts taken without lawful authority. Accordingly, Plaintiffs seek prospective declaratory and injunctive relief to prevent Commissioner Shuford from implementing or enforcing the challenged rules to the extent they exceed statutory authority or violate constitutional limits. Commissioner Shuford shall be served at 1100 W. 49th Street, Austin, Texas 78756.

29. Defendant Texas Health and Human Services Commission (“HHSC”) is a Texas

state agency headquartered in Austin, Texas. HHSC is the umbrella agency through which the State's health and human services programs are administered, including DSHS programs. Through the Executive Commissioner, HHSC exercises the statutory authority to adopt rules governing CHPs in Texas. The challenged rules were adopted by HHSC's Executive Commissioner (as reflected in the Texas Register rulemaking notices). Exhibit 3. Plaintiffs bring this suit, in part, under Texas Government Code § 2001.038 to obtain a declaratory judgment regarding the validity of the challenged rules and their threatened application to Plaintiffs. Because § 2001.038(c) requires that the state agency be made a party to such an action, HHSC is properly joined as a defendant. It shall be served through its Executive Commissioner, Stephanie Muth, at 4601 W. Guadalupe St., Austin, TX 78751.

30. Defendant Stephanie Muth is sued in her official capacity as Executive Commissioner of HHSC. In this capacity, Executive Commissioner Muth has the exclusive statutory authority under Health & Safety Code § 443.051 to adopt rules implementing and governing the CHP regulatory program, including the rules at issue in this case, and she is the state official responsible for promulgating, amending, and giving legal effect to those rules through formal adoption. Because Plaintiffs are regulated by (and must comply with) the challenged rules and face immediate, concrete injury from the rules' application and threatened enforcement—including unlawful fees and punitive enforcement consequences—Executive Commissioner Muth is a state official who will cause and maintain those injuries through acts taken without lawful authority. Accordingly, Plaintiffs seek prospective declaratory and injunctive relief to prevent Executive Commissioner Muth from implementing or enforcing the challenged rules to the extent they exceed statutory authority or violate constitutional limits. She shall be served at 4601 W. Guadalupe St., Austin, TX 78751.

31. Defendant Warren Kenneth Paxton Jr. is sued in his official capacity as the Attorney General of the State of Texas. The Attorney General possesses statutory authority to initiate and pursue civil enforcement actions based on alleged violations of the regulatory framework governing consumable hemp products, including actions for injunctive relief, civil penalties, and recovery of administrative penalties at the request of DSHS. *See, e.g.*, Tex. Health & Safety Code §§ 431.058, 431.0585, 431.060. Plaintiffs therefore seek prospective declaratory and injunctive relief to prevent the Attorney General from initiating or maintaining enforcement actions based on rule provisions that are unlawful for the reasons described herein. The Attorney General shall be served at 209 W. 14th Street, Austin, Texas 78701.

V. DISCOVERY CONTROL PLAN

32. Under Texas Rule of Civil Procedure 190.4, Plaintiffs intend to conduct discovery under Level 3 and affirmatively pleads this suit is not governed by the expedited actions process under Rule 169 of the Texas Rules of Civil Procedure because Plaintiff seeks non-monetary, injunctive and declaratory relief.

VI. STANDING AND RIPENESS

33. Plaintiffs are directly regulated by the rules challenged in this action. The adopted amendments to 25 T.A.C. Chapter 300 govern the testing, labeling, manufacture, distribution, transportation, and retail sale of CHPs in Texas. Upon their March 31, 2026, effective date, the rules impose immediate compliance obligations on license holders, registrants, and other participants in the hemp industry, including the members of Plaintiffs THBC and HIFA, the named entity Plaintiffs, and other businesses similarly situated to them in Texas's hemp industry.

34. The challenged rules alter the legal standards governing Plaintiffs' existing business operations. Among other things, the rules require CHPs and hemp-derived ingredients to satisfy a newly defined "acceptable hemp THC level," calculated using a total delta-9 THC metric

that converts THCA into delta-9 THC equivalents. Plaintiffs do not ask the Court to decide whether a total-delta-9 THC compliance standard would be sound policy for CHPs. That question belongs to the Legislature, which has constitutional authority to answer it but, to date, has not done so. The rules also impose new testing requirements, transportation restrictions, and licensing and registration costs as conditions of continued lawful operation; and as a result of these new requirements, impose increased recordkeeping and overhead obligations on businesses in the CHP industry. These provisions immediately affect Plaintiffs' inventory, testing protocols, supply chains, compliance practices, and economic interests. Exhibit 5, ¶¶ 7, 9-14; Exhibit 7, ¶¶ 14-16, 18, 21; Exhibit 8, ¶¶ 11-12, 17-18; Exhibit 9, ¶¶ 10, 12, 16; Exhibit 10, ¶¶ 10-17; Exhibit 11, ¶¶ 12-20, 23-24; Exhibit 12, ¶¶ 8, 12, 15-17; Exhibit 13, ¶¶ 15-19, 22; Exhibit 14, ¶¶ 11-19, 24-34.

35. Plaintiffs do not challenge all aspects of the amended regulatory framework. In particular, Plaintiffs do not contest provisions directed at consumer protection and public safety, including age-verification requirements, labeling requirements, and related safeguards that fall within the agencies' delegated authority. Exhibit 5, ¶ 8; Exhibit 7, ¶ 10; Exhibit 8, ¶ 10; Exhibit 9, ¶ 9; Exhibit 10, ¶ 9. Instead, this action is directed at discrete provisions that exceed statutory limits by redefining lawful hemp, expanding regulatory scope, and imposing unauthorized economic burdens. *Id.*

36. These compliance obligations are not merely formal requirements; they impose substantial and ongoing operational burdens. The rules require multiple stages of laboratory testing, expanded documentation and certificate-of-analysis tracking, batch-level recordkeeping, and continuous verification of compliance. These requirements significantly increase the cost of production, delay product release, require additional personnel and administrative infrastructure, and expose regulated entities to heightened risk of enforcement for technical or inadvertent

noncompliance. Exhibit 5, ¶¶ 7, 9-14; Exhibit 6, ¶¶ 5-6, 8; Exhibit 7, ¶¶ 14-19, 21; Exhibit 8, ¶¶ 12, 14-17; Exhibit 9, ¶¶ 10-12, 14, 16; Exhibit 10, ¶ 10-17; Exhibit 11, ¶¶ 10-15; Exhibit 12, ¶¶ 15-17, 19-21, 23-24; Exhibit 13, ¶¶ 18, 20-26; Exhibit 14, ¶¶ 8-10, 23-30, 39-40. For many market participants, particularly small and mid-sized businesses, these cumulative compliance burdens render continued operation economically infeasible. Exhibit 5, ¶ 11; Exhibit 7, ¶ 15; Exhibit 8, ¶ 18; Exhibit 9, ¶ 16; Exhibit 10, ¶ 17; Exhibit 11, ¶¶ 17-18, 23; Exhibit 12, ¶¶ 22-24, 28-30; Exhibit 13, ¶¶ 25-26, 28; Exhibit 14, ¶¶ 22-35, 41-42.

37. The challenged rules also impose a distinct and immediate injury on Texas manufacturers by prohibiting the transport of hemp plants and plant material used in manufacturing into Texas for further processing. The manufacturer Plaintiffs rely on the importation of hemp that has been tested for compliance at the agricultural stage and is used as the input for manufacturing finished CHPs within Texas. Exhibit 5, ¶ 12; Exhibit 7, ¶¶ 14; Exhibit 10, ¶¶ 11-15; Exhibit 12, ¶¶ 15-17; Exhibit 14, ¶¶ 23-26. The challenged rules prohibit the transport of such plant material into Texas when they exceed the Administrative Defendants’ non-statutory “acceptable hemp THC level.” When combined with the rules’ new in-process testing requirements, these prohibitions substantially foreclose in-state production of CHPs, even where plant material was compliant at the agricultural stage and would yield finished products that satisfy the statutory definition. As a result, the manufacturer Plaintiffs are forced to either cease in-state manufacturing operations or to relocate those operations outside the state. Exhibit 5, ¶ 12; Exhibit 7, ¶ 14; Exhibit 10, ¶¶ 11-15; Exhibit 12, ¶ 22; Exhibit 14, ¶ 26. This injury is immediate, concrete, and directly traceable to the challenged rule.

38. Because the final rule text has been adopted and took effect on March 31, 2026, Plaintiffs must immediately choose between altering ordinary business operations to conform to

the challenged regulatory framework or continuing to operate as they have lawfully done for many years under the 2019 legislative framework, but now with the risk of administrative penalties, product embargo or detention, licensing suspension or revocation, and other enforcement actions authorized under Texas law. If Plaintiffs alter their business operations to comply with the 2026 rules, it will immediately result in significant economic harm, including lost profits, wasted products, reduction in overall operations, and resulting reductions in employment. Exhibit 5, ¶ 14; Exhibit 6, ¶¶ 5-6, 8; Exhibit 7, ¶¶ 7-8, 11, 15-18, 21; Exhibit 8, ¶¶ 5, 11, 14-18; Exhibit 9, ¶¶ 10, 12, 14; Exhibit 10, ¶¶ 10-11, 15-17; Exhibit 12, ¶¶ 15-23; Exhibit 13, ¶ 25-30; Exhibit 14, ¶¶ 30-38. Some will need to remove Texas operations from their supply chain entirely. Exhibit 7, ¶ 17; Exhibit 8, ¶¶ 15-16; Exhibit 10, ¶ 11; Exhibit 11, ¶ 23; Exhibit 14, ¶ 26. Plaintiffs are not required to violate the rules, cease lawful business activity, or invite enforcement proceedings in order to obtain judicial review of the validity or constitutionality of an agency rule.

39. Texas law expressly authorizes pre-enforcement review of agency rules that threaten to impair a regulated party's legal rights. Texas Government Code § 2001.038 provides that "the validity or applicability of a rule ... may be determined in an action for declaratory judgment if it is alleged that the rule or its *threatened* application interferes with or impairs, or *threatens* to interfere with or impair, a legal right or privilege of the plaintiff." Tex. Gov't Code § 2001.038(a) (emphasis added). Plaintiffs bring this action pursuant to that statutory authorization.

40. Texas courts routinely permit regulated parties to seek pre-enforcement relief where government action immediately prevents them from engaging in statutorily protected conduct that they would otherwise continue to engage in but for the unlawful administrative rules, thereby resulting in immediate economic harm. *See, e.g., State v. Loe*, 692 S.W.3d 215 (Tex. 2024); *Tex. Bd. of Chiropractic Examiners v. Tex. Med. Ass'n*, 616 S.W.3d 558, 567 (Tex. 2021);

City of El Paso v. Heinrich, 284 S.W.3d 366 (Tex. 2009); *Patel v. Texas Dep’t of Licensing & Regulation*, 469 S.W.3d 69 (Tex. 2015); *Texas Dep’t of Ins. v. Reconveyance Servs., Inc.*, 306 S.W.3d 256 (Tex. 2010). Where an agency rule alters the legal standards governing ongoing business activity and threatens enforcement consequences, the dispute is sufficiently concrete and immediate to permit judicial review.

41. The challenged rules presently regulate Plaintiffs’ conduct and impair their legal rights and economic interests. Plaintiffs therefore have standing to bring this action, and the validity of the rules is ripe for judicial determination. Because Plaintiffs operate within a statewide regulatory framework governing the production, manufacture, distribution, and sale of CHPs, the injuries caused by the challenged rules are suffered market wide. If all growers, manufacturers, distributors, and retailers are prohibited under the 2026 rules from engaging in their current operations (as allowed under the governing statutes), it would prevent the named Plaintiffs from conducting their business operations, which depend on the existence and operation of this larger industry.

VII. ASSOCIATIONAL STANDING OF THBC AND HIFA

42. Plaintiffs THBC and HIFA have associational standing to bring this action on behalf of their members. *See Tex. Ass’n of Bus. v. Tex. Air Control Bd.*, 852 S.W.2d 440, 447 (Tex. 1993) (holding that association has standing where “(a) its members would otherwise have standing to sue in their own right; (b) the interests it seeks to protect are germane to the organization’s purpose; and (c) neither the claim asserted nor the relief requested requires the participation of individual members in the lawsuit”) (internal quotations removed).

43. First, THBC’s and HIFA’s members would have standing to sue in their own right. The membership of these Associations includes Texas producers, manufacturers, processors, distributors, and retailers of CHPs who are directly regulated by the challenged rules. Exhibit 5,

¶¶ 5-11; Exhibit 6, ¶¶ 5-8. As described elsewhere in this petition, those members are subject to immediate and concrete injury, including increased licensing and registration fees, expanded compliance obligations, restrictions on the transport of hemp-derived materials, and exposure to escalating administrative penalties and enforcement actions. These injuries are traceable to the challenged rules and would be redressed by the declaratory and injunctive relief requested in this action. *See Tex. Ass’n of Bus.*, 852 S.W.2d at 447 (holding association had standing to challenge agency rule where members were directly regulated by the rule and faced economic and operational impacts from its enforcement).

44. Second, the interests THBC and HIFA seek to protect are germane to their organizational purposes. THBC is a trade association representing participants in the Texas hemp industry, and this action challenges rules that govern the manufacture, distribution, and sale of CHPs in Texas. Exhibit 5, ¶¶ 5-8. HIFA is a nonpartisan coalition of hemp industry advocates representing the interests of the industry, such as farmers and manufacturers to retail stores, including the interests of members directly impacted by the 2026 challenged rules adopted by DSHS and HHSC. Exhibit 6, ¶¶ 4-6.

45. Third, neither the claims asserted nor the relief requested requires the participation of individual members. THBC and HIFA seek prospective declaratory and injunctive relief concerning the validity of agency rules and their threatened enforcement. Resolution of these claims does not depend on individualized proof from any particular member. *See Tex. Ass’n of Bus.*, 852 S.W.2d at 448 (“Here, TAB seeks only prospective relief, raises only issues of law, and need not prove the individual circumstances of its members to obtain that relief, thus meeting the third prong of *Hunt* [*v. Washington State Apple Advertising Commission*, 432 U.S. 333 (1977)].”).

VIII. BACKGROUND

A. Legislative Framework Governing Hemp In Texas

46. In 2019, the Texas Legislature enacted House Bill 1325—often referred to as Texas’s “farm bill”—to implement the federal framework for hemp and to establish a lawful, regulated market for hemp and hemp-derived products in Texas. Exhibit 15, 2019 Texas Farm Bill (H.B. 1325), Act of May 22, 2019, 86th Leg., R.S., ch. 764, 2019 Tex. Gen. Laws 2085. Through H.B. 1325, the Legislature created two complementary statutory frameworks: one governing the cultivation and handling of hemp as an agricultural commodity, administered by the Texas Department of Agriculture (“TDA”), and a second governing the manufacture, distribution, and sale of consumable hemp products (“CHPs”), codified in Texas Health & Safety Code Chapter 443.

47. Texas law defines “hemp” broadly as “the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry-weight basis.” Tex. Agric. Code § 121.001. The Legislature statutorily confirmed that, based on this definition, “hemp” and “[THCs] in hemp” (other than delta-9 THC over 0.3% dry weight) are not “controlled substances.” Tex. Health & Safety Code § 481.002(5). By defining hemp to include cannabinoid “acids” such as tetrahydrocannabinolic acid (“THCA”) while specifying a compliance threshold based solely on delta-9 tetrahydrocannabinol concentration, the Legislature made clear both the breadth of materials included within lawful hemp and the metric by which legality is determined under Texas law.

48. Chapter 443 then governs the manufacture, distribution, and sale of CHPs. It carries forward the Legislature’s delta-9 THC compliance standard into the commercial context, providing that a CHP may not be sold or introduced into commerce if it has a delta-9 THC concentration of more than 0.3 percent. Tex. Health & Safety Code §443.152(a) (“A [CHP] that

has a delta-9 [THC] concentration of more than 0.3 percent may not be sold at retail or otherwise introduced into commerce in this state.”). In other words, the Legislature did not simply define hemp using a delta-9 THC concentration; it used that same metric to determine whether CHPs may be lawfully moved through commerce.

49. Chapter 443 also specifies the testing required at various stages before CHPs may be introduced into commerce. Sections 443.151(d)-(e) require that a representative sample of a consumable hemp product be tested to determine its delta-9 THC concentration. Tex. Health & Safety Code § 443.151(d)(1) (“Except as otherwise provided by Subsection (e), before a [CHP] is sold at retail or otherwise introduced into commerce in this state, a sample representing the hemp product must be tested ... to determine the delta-9 [THC] concentration of the product”); *see also* *Id.* § 443.151(e)(2) (“A [CHP] is not required to be tested under Subsection (d) if each hemp-derived ingredient of the product ... does not have a delta-9 [THC] concentration of more than 0.3 percent”). These provisions identify the metric that must be measured—delta-9 THC concentration—and do not incorporate any conversion-based or post-decarboxylation methodology into the determination of delta-9 THC concentration for purposes of legality.

50. That statutory design is reinforced by the Legislature’s separate treatment of testing in the Agriculture Code. Unlike Chapter 443, the Agriculture Code expressly requires hemp crops to be tested using post-decarboxylation methods capable of accounting for the conversion of THCA into delta-9 THC. *See* Tex. Agric. Code § 122.153(a) (“A license holder may not harvest a hemp plant or plant intended or believed to be hemp unless a representative sample of plants from the plot where the plant is grown is collected before harvest and subsequently tested using post-decarboxylation, high performance liquid chromatography, or another similarly reliable method”). This test occurs at a defined pre-harvest stage and serves as a classification mechanism to

determine whether a crop qualifies as lawful hemp and may therefore be harvested and permitted to enter the stream of commerce.

51. This statutory structure reflects deliberate legislative choices about both the compliance metric and how that metric is determined. The Legislature expressly required post-decarboxylation testing methods in the agricultural context. *See* Tex. Agric. Code § 122.153(a). By contrast, Chapter 443—enacted as part of the same legislative framework—fixes the commercial compliance threshold at delta-9 THC concentration throughout and does not incorporate any comparable conversion-based methodology. That omission is significant. Texas courts presume that when the Legislature includes specific language in one provision but omits it from another, the omission is intentional and reflects a purposeful difference in meaning. *Fireman’s Fund Cnty. Mut. Ins. Co. v. Hidi*, 13 S.W.3d 767, 769 (Tex. 2000) (per curiam) (“When the Legislature has employed a term in one section of a statute and excluded it in another, we presume that the Legislature had a reason for excluding it.”).

52. The Legislature’s decision to specify a conversion-based testing method in the Agriculture Code, while omitting any such requirement in Chapter 443, confirms that the Legislature chose not to incorporate a conversion-based “total” THC metric into Chapter 443. *See Railroad Com’n of Texas v. Texas Citizens for a Safe Future and Clean Water*, 336 S.W.3d 619, 628 (Tex. 2011) (“When the Legislature uses a word or phrase in one portion of a statute but excludes it from another, the term should not be implied where it has been excluded.”) (citing *Laidlaw Waste Sys. (Dallas), Inc. v. City of Wilmer*, 904 S.W.2d 656, 659 (Tex. 1995)).

53. Chapter 443 also addresses how compliance established at the agricultural stage carries forward into the commercial framework. Section 443.152(b) reflects the Legislature’s decision to treat pre-harvest testing conducted under the Agriculture Code as sufficient proof that

hemp satisfies the statutory delta-9 THC threshold, including for purposes of downstream testing requirements. Tex. Health & Safety Code § 443.152(b) (“[T]he results of a test conducted under [Chapter 122 of the Texas Agriculture Code]” is “proof that the delta-9 [THC] concentration of the hemp does not exceed 0.3 percent, including for purposes of Section 443.151(b)(1)”). By incorporating those results into the commercial regulatory framework, the statute confirms that compliance may be established at the agricultural stage and carried forward into commerce. While the Executive Commissioner may require testing under § 443.151, that authority does not permit the agency to impose a different compliance metric or to require testing in a manner that systematically negates compliance already recognized by statute.

B. Efforts to Amend the Framework Through Legislation Have Failed

54. In recent years, and most notably during the 89th Legislative Session (2025), Texas lawmakers have recognized that policy decisions about how to regulate the CHP industry are appropriately handled by legislative enactment, not agency rulemaking. That legislative focus culminated in the Legislature’s passage of Senate Bill 3 (“S.B. 3”) during the 89th Regular Session, which would have made sweeping changes to CHPs containing hemp-derived THC. Exhibit 16, 2025 S.B. 3 (vetoed).

55. The legislative process surrounding S.B. 3 reflects substantial and sustained public engagement across both chambers of the Texas Legislature. In the House, the Committee on State Affairs received well over 1,000 written public comments regarding S.B. 3, as reflected in the official compilation maintained on Texas Legislature Online, an overwhelming majority of which expressed opposition to the bill. Exhibit 17, House Comments to S.B. 3, p.1 (full document, 322 pages, available at: <https://capitol.texas.gov/tlodocs/89R/publiccomments/billhistory/SB00003H.pdf>); *see also* Exhibit 5, ¶¶ 16-18. The House hearing itself drew approximately 120 testifying witnesses, of whom roughly 90 percent appeared in opposition to the bill, representing an approximately nine-

to-one ratio of opposing to supporting testimony, and more than 500 total participants when including those who registered positions or submitted written testimony. Exhibit 18, House Committee Witnesses to S.B. 3. In the Senate, the committee considering S.B. 3 heard testimony from more than 100 witnesses and recorded nearly 200 total participants, with approximately 80 percent of testifying witnesses appearing in opposition. Exhibit 19, Senate Committee Witnesses to S.B. 3.

56. These written submissions and in-person appearances—spanning consumers, business owners, industry participants, and other stakeholders across Texas—demonstrate not only the scale of the existing market, but also the breadth and intensity of opposition to legislative efforts to restrict it. This level of engagement confirms that potential changes to the scope of lawful hemp products were fully presented to—and actively debated by—the Legislature, and remain policy choices reserved to that body, not matters for administrative revision through rulemaking.

57. On June 22, 2025, Governor Greg Abbott vetoed S.B. 3, stating that its “implementation would be delayed for years as the case winds through the legal system” and would likely be “permanently invalidated by the courts.” Exhibit 20, Proclamation Vetoing S.B. 3 (Gov. Abbott), 89th Leg., R.S. (June 22, 2025). Consequently, the Governor stated that he was “vetoing Senate Bill 3 and calling a Special Legislative Session in July to craft a law that does as much as possible to corral the problems while also being structured so that it can go into effect this year.” *Id.* These statements underscored that the most consequential policy choices regarding CHPs should be debated and resolved through the legislative process.

58. After the veto, Governor Abbott called a First Special Session of the Legislature and placed hemp regulation squarely on the agenda. In his July 9, 2025, proclamation announcing the first special session, the Governor included two separate hemp-related topics—including

“Legislation to comprehensively regulate hemp-derived products ... without banning a lawful agricultural commodity”—explicitly framing the task as comprehensive regulation by legislation rather than an outright ban. Exhibit 21, Proclamation for First Special Session (Gov. Abbott), 89th Leg., 1st C.S. (Tex. July 9, 2025).

59. After the Legislature failed to pass any hemp bills in the First Special Session, Governor Abbott called a Second Special Session, again including hemp regulation within the scope of the call. Exhibit 22, Proclamation for Second Special Session (Gov. Abbott), 89th Leg., 2nd C.S. (Tex. Aug. 15, 2025). This time, Governor Abbott asked the Legislature to consider “Legislation to comprehensively regulate hemp-derived products ... all without banning lawful hemp-derived products.” *Id.*

60. The Legislature again failed to pass any hemp bills in the second special session, leaving the status quo under the 2019 Texas Farm Bill undisturbed. *See* Exhibit 15.

61. In response to this legislative impasse, and consistent with the limits of executive authority, Governor Abbott then issued Executive Order GA-56 as an interim measure directing agencies to take specified actions within existing statutory authority while preserving the Legislature’s primacy over any policy changes. Exhibit 23, Executive Order GA-56 (Gov. Abbott), Sept. 10, 2025.

62. Executive Order GA-56 reflects a carefully bounded approach to agency action within existing statutory limits. The Order directs the agencies to implement targeted public-safety measures, such as restricting access by minors, requiring age verification, and updating testing, labeling, and recordkeeping requirements, while operating within the framework established by the Legislature. *Id.*

63. The Governor’s Order is equally notable for what it does not do. It does not direct

or authorize any change to the statutory definition of hemp or the Legislature’s delta-9 THC standard. Nor does it authorize the imposition of fees untethered from the actual costs of administering and enforcing the program. Instead, GA-56 contemplates that regulatory fees should reflect the State’s “regulatory and enforcement costs,” reinforcing that any fee structure must be grounded in cost recovery rather than revenue generation. *Id.*

64. This sequence is not merely legislative history. It is constitutional context. The Legislature considered sweeping hemp policy changes and passed them. The Governor vetoed them. Two special sessions were called; neither produced a statute. The Governor then issued an Executive Order operating strictly within existing law, directing agencies to do only what the Legislature had already authorized them to do. At each step, the political branches affirmed the same principle: consequential policy change requires legislative action. The Administrative Defendants’ response was to accomplish through rulemaking what the legislative process declined to authorize. This case asks the court to enforce the boundary the Legislature and Governor’s Office repeatedly recognized but the Administrative Defendants ignored. An agency that treats the Constitution’s deliberative result as an invitation to act has misread both its authority and its place in the constitutional order.

C. Statutory Limits on the Administrative Defendants’ Rulemaking Authority

65. Against this factual backdrop, constitutional separation-of-powers principles and the Legislature’s express delegation of limited authority to DSHS and HHSC over rulemaking and enforcement related to the CHP industry within the bounds of existing statutes prohibit these agencies and their officials from changing the law administratively when the Legislature has not done statutorily.

66. Section 443.051 provides the general grant of rulemaking authority, authorizing the Executive Commissioner to “adopt rules as necessary to implement this chapter.” Tex. Health &

Safety Code § 443.051. That limited delegation authorizes the Executive Commissioner only to carry out the Legislature’s policy choices as enacted under Chapter 443, not to revise, expand, or replace them through regulation. Separately, § 443.204 requires any rules adopted by the Executive Commissioner regulating the sale of CHPs to “reflect the following principles”, including “(1) hemp-derived cannabinoids, including cannabidiol, are not considered controlled substances or adulterants;” and “(2) products containing one or more hemp-derived cannabinoids, such as cannabidiol, intended for ingestion, are considered foods, not controlled substances or adulterated products.” *Id.* § 443.204.

67. Consistent with that structure, Chapter 443 repeatedly cabins rulemaking discretion by tying regulatory authority to specific statutory directives. For example, § 443.201(b) requires the Executive Commissioner to provide, by rule, “fair notice of a potential violation concerning [CHPs] sold by the retailer and an opportunity to cure a violation made unintentionally or negligently.” *Id.* § 443.201(b). Similarly, the Legislature addressed retail registration fees by authorizing, “by rule” the assessment of “reasonable fee amounts” necessary to “implement and administer” the law. *Id.* § 443.2025.

68. Likewise, the Legislature did not leave the compliance standard to agency discretion. Chapter 443 incorporates the delta-9 THC concentration threshold not only in the general definition of hemp, but in the provisions governing testing and sale of consumable hemp products. *See* Tex. Health & Safety Code §§ 443.151(d), (e); 443.152(a). Those provisions establish the metric that determines whether a product may be introduced into commerce. The Administrative Defendants’ rulemaking authority extends to implementing that framework, not replacing the standard it prescribes.

69. Based on the foregoing background and limited delegation of regulatory authority,

the Administrative Defendants may not use administrative rules to impose sweeping new prohibitions, redefinitions, or punitive fee-and-enforcement schemes that effectively supply the legislative choices the Legislature itself did not adopt.

70. Relevant limits on the Administrative Defendants' authority is further confirmed by their own prior rulemaking record. In August 2024, HHSC and DSHS conducted a formal four-year review of Chapter 300 pursuant to Texas Government Code § 2001.039. During that review, some commenters urged the agencies to revise the 0.3% delta-9 THC threshold. DSHS rejected those requests, explaining that “[t]he definition of hemp is in statute... [and] change to statute requires legislative action and, hence, is outside the scope” of the agency’s rulemaking authority. Exhibit 24, Rule Review and Comment, Texas Register August 9, 2024. DSHS then readopted Chapter 300 without substantive change, confirming that the existing delta-9 THC compliance limit remained consistent with governing law.

71. Nevertheless, in response to GA-56, DSHS proposed and the Executive Commissioner of HHSC ultimately adopted sweeping revisions to 25 T.A.C. Chapter 300 that go well beyond Governor Abbott’s carefully cabined directives and instead attempt to enact core legislative policy choices through administrative rulemaking, as discussed in further detail below.

D. The December 2025 Proposed Rule Package

72. In December 2025, DSHS and HHSC published proposed amendments to 25 Texas Administrative Code Chapter 300 that would have altered the statutory definition of lawful hemp through rulemaking. Exhibit 25, Proposed Rules, Texas Register December 26, 2025. Texas law defines “hemp” by statute as “the plant *Cannabis sativa* L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry-weight basis.” Tex. Agric. Code § 121.001. The 2025 proposed rules

attempted to replace that statutory definition by redefining hemp in Rule 300.101 to incorporate a “total delta-9 [THC]” standard calculated using a THCA conversion formula. Under the proposed text, the operative threshold for lawful hemp would have been tied to total delta-9 THC, rather than the delta-9 THC concentration specified by the Legislature.

73. Public comments objected, among other things, that the proposed redefinition of hemp exceeded statutory authority and replaced the Legislature’s delta-9 THC standard with a broader total-THC framework.

E. March 2026 Final Adoption and Revised Justification

74. In the final rules adopted in March 2026, the Administrative Defendants restored the statutory definition of “hemp” in Rule 300.101(20), which mirrors Texas Agriculture Code § 121.001 and refers only to a “delta-9 tetrahydrocannabinol concentration” of not more than 0.3 percent. 25 T.A.C. § 300.101(20); *see Exhibit 3*, Final Rules Adopted, Texas Register March 20, 2026; *Exhibit 4*, Demonstrative Chart of Challenged Rules.

75. However, the Administrative Defendants simultaneously embedded a new compliance limit throughout the regulatory framework. The rules redefine “acceptable hemp THC level” by reference to “total delta-9 THC,” and define “total delta-9 THC” using a post-decarboxylation-based formula that converts THCA into delta-9 THC equivalents. 25 T.A.C. §§ 300.101(1), 300.101(45).

76. The rules then require compliance with this “total delta-9 THC” metric for products to be manufactured, transported, possessed, distributed, or sold in Texas. *See, e.g., Id.* §§ 300.301(a)(4), 300.301(b)(4), 300.302(b)(1), 300.303(a), and 300.206(c).

77. Thus, while the statutory definition of “hemp” remains unchanged in Rule 300.101(20), the rules otherwise prohibit the manufacture, transport, distribution, or sale of products unless they satisfy a “total delta-9 THC” compliance metric that is far more limiting than

the Legislature's delta-9 THC concentration threshold.

78. To be sure, GA-56 directed the agencies to update testing requirements. But the Administrative Defendants did not simply specify how testing should be conducted to verify the statutory compliance metric of 0.3% delta-9 THC on a dry weight basis. Instead, they redefined what constitutes compliance. The former falls within the agencies' implementing authority; the latter does not. By requiring products to satisfy a "total delta-9 THC" compliance metric rather than the statutory delta-9 THC threshold, the rules do not merely specify how THC is measured and reported. They fundamentally change the metric that governs whether a product is lawful. That distinction is not merely technical. It is the line between an agency permissibly implementing the law and an agency unconstitutionally rewriting it. The Texas Constitution assigns rewriting laws to the Legislature alone.

79. The same departure from GA-56's constrained approach is reflected in the rulemaking's fee provisions. While GA-56 contemplates that fees should reflect the State's actual regulatory and enforcement costs, the adopted rules impose fees that generate revenue far exceeding any demonstrated cost of administration. As a result, the fee structure does not implement GA-56's directive; it departs from it.

80. In the final rules adopted in March 2026, the Administrative Defendants raised the administrative fees from \$250 to \$10,000 per manufacturer facility and from \$150 to \$5,000 per retail location, imposed a \$10,000 fee for a change in ownership of a licensed facility, and increased delinquency fees for late renewals from \$100 to \$1,000. *Id.* §§ 300.202(c)(1), 300.202(c)(2)(A), 300.202(c)(4), 300.502(g)(1), 300.502(g)(2).

81. The rulemaking record confirms that the Administrative Defendants recognized the significant economic consequences of the challenged rules while declining to perform the analysis

required by law. In the proposed-rule preamble, DSHS acknowledged that the rules would have an “adverse economic effect on small businesses” and projected substantial economic impacts exceeding \$200 million per year on more than 9,900 businesses across the state. Exhibit 25. At the same time, DSHS stated that it “does not have sufficient data to define the impact” of the rules on local economies. *Id.* In the final adopted preamble, the agency similarly asserted that the rules would not have “foreseeable implications relating to costs or revenues of local government,” while maintaining the same regulatory framework. Exhibit 3. These statements reflect the agency’s recognition of economic impact coupled with its failure to conduct the analysis required by Texas Government Code § 2001.022.

82. Furthermore, the final preamble claims the fee increases are cost-recovery measures, but the rulemaking record does not include a fiscal analysis demonstrating that the adopted fees correspond to actual regulatory costs. Exhibit 3. In fact, in December 2025, the Administrative Defendants produced a fiscal note anticipating revenues of over \$200 million each year while at the same time recognizing their cost to administer and enforce the program would be less than \$70,000 in the first year and \$6,000 in subsequent years. Exhibit 25. This mismatch is inconsistent not only with the statutory requirement that fees be “reasonable,” but also with GA-56’s express direction that fees should reflect actual regulatory and enforcement costs. Exhibit 23.

83. Additional agency records confirm the limited scale of enforcement resources associated with the CHP regulatory framework. In December 2025, DSHS entered into a memorandum of understanding with the Texas Alcoholic Beverage Commission (“TABC”) to coordinate inspections, investigations, and enforcement activities related to CHPs. Exhibit 26, Memorandum of Understanding between DSHS and TABC. Under that agreement, TABC’s total reimbursable costs for performing these enforcement functions were capped at \$49,999. *Id.* The

scope of services covered by the agreement includes inspections of retailers, compliance checks, investigative activities, and age-verification enforcement operations. *Id.* Even for these core enforcement functions, the State’s own interagency agreement reflects a cost structure measured in tens of thousands of dollars.

IX. LEGAL DEFECTS WITH THE 2026 RULES

84. Plaintiffs seek relief from the March 2026 rules, which are unlawful for the following reasons.

A. The Final Rules Conflict with the Statutory Scheme in Multiple Independent Ways

85. Plaintiffs’ challenge is limited and does not extend to provisions that implement valid public-safety objectives within the agencies’ statutory authority. Rather, Plaintiffs challenge only those provisions that depart from the Legislature’s framework by substituting a non-statutory compliance standard, expanding the scope of regulation, or imposing unauthorized economic burdens.

86. As explained in Section VIII.A, Chapter 443 establishes a complete statutory framework in which: (i) compliance is defined by the delta-9 THC concentration; (ii) testing is authorized to measure that standard; (iii) compliance may be established through pre-harvest testing recognized by statute; and (iv) compliant products may be possessed, transported, and sold in commerce. The challenged rules depart from that framework at each step.

87. First, the rules replace the Legislature’s delta-9 THC concentration standard with a conversion-based “total delta-9 THC” compliance framework that treats THCA-derived potential delta-9 THC as disqualifying. Chapter 443 exclusively ties legality to the delta-9 THC concentration, *see* Tex. Health & Safety Code § 443.152(a), but the 2026 challenged rules define compliance using total delta-9 THC by converting THCA into delta-9 THC equivalents and making that converted value the operative metric governing testing and legality. This substitution

is inconsistent with the statutory structure: while the Legislature expressly required post-decarboxylation testing in the agricultural context, *see* Tex. Agric. Code § 122.153(a), it did not incorporate that methodology into Chapter 443. At the same time, the Legislature defined hemp to include “derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers,” Tex. Agric. Code § 121.001, while specifying a compliance threshold based on delta-9 THC concentration. By converting THCA into delta-9 THC equivalents and treating that theoretical value as disqualifying, the new rules both replace the statutory metric and effectively reclassify substances the statute includes within lawful hemp as unlawful. This is not merely a change in testing methodology; it is a change in the governing rule of decision that the Legislature did not authorize.

88. Second, the rules regulate upstream materials and prohibit the transport of hemp for further processing, extending beyond the scope of Chapter 443. Sections 300.206(c) and 300.404 bar the transport of substances into Texas if those materials exceed the agency-defined “acceptable hemp THC level,” even when those materials are intended solely for further processing into finished products that would satisfy the statutory standard. Chapter 443 governs consumable hemp products—i.e., finished products intended for human consumption—and does not authorize categorical restrictions on the movement of raw or intermediate materials used in manufacturing. By regulating plant material rather than finished products, the rules extend beyond the subject matter the Legislature chose to regulate.

89. Third, the rules prohibit conduct that Chapter 443 affirmatively permits, including the possession, transport, manufacture, distribution, and sale of compliant products. Chapter 443 authorizes the possession, transport, manufacture, distribution, and sale of CHPs that meet the statutory delta-9 THC threshold, *see* Tex. Health & Safety Code §§ 443.201(a), 443.206, 443.207,

but the rules condition those same activities on compliance with a total-delta-9 THC metric. As a result, products that satisfy the statutory definition of hemp are treated as unlawful under the rules, meaning the rules prohibit conduct the statute expressly allows.

90. Fourth, the rules impose a sweeping fee framework that exceeds the agencies' limited authority to implement and administer Chapter 443. Although the statute authorizes reasonable fees necessary to administer the program, *see* Tex. Health & Safety Code § 443.2025, the rules dramatically increase licensing and registration fees, impose substantial ownership-change charges, and significantly increase delinquency penalties. These provisions function not merely as cost-recovery measures but as substantial economic conditions on participation in the regulated market, which the Legislature did not authorize.

91. Fifth, the rules adopt a daily-accrual penalty framework that conflicts with the Legislature's required notice-and-cure protections and impermissibly expands the scope and severity of enforcement consequences. Section 300.601(b) provides that each day a violation "continues," it constitutes a separate violation for purposes of administrative penalties. But Chapter 443 requires the Executive Commissioner, by rule, to provide retailers fair notice of a potential violation and an opportunity to cure violations that are unintentional or negligent. *See* Tex. Health & Safety Code § 443.201(b). A penalty structure that accrues new violations—and thus new penalties—each day before a regulated party can reasonably receive notice and implement corrective action is incompatible with that statutory protection. This conflict is compounded by the rules' expansion of what constitutes a "violation," including the imposition of a non-statutory total-delta-9 THC compliance standard and related requirements. As a result, the rules expose regulated entities to rapidly escalating penalties for conduct that the statute permits or for technical noncompliance with requirements the Legislature did not authorize. By pairing an

expanded definition of unlawful conduct with a compounding daily penalty mechanism, the rules do not merely implement enforcement authority; they materially alter the consequences of regulatory violations in a manner the Legislature did not approve.

92. These conflicts between the existing statutory framework and the 2026 rules are independent and cumulative. Each reflects a distinct way in which the rules depart from the statutory framework by substituting a different compliance standard, applying a conversion-based methodology the Legislature did not adopt, regulating subject matter beyond consumable hemp products, prohibiting conduct the statute permits, and imposing unauthorized economic burdens. Taken together, the rules do not implement Chapter 443; they replace it.

93. The following section identifies the particular rule provisions that give effect to these conflicts and explain why each exceeds the agencies' delegated authority or otherwise conflicts with governing statutes.

B. Explanation of Specific Defects with Each of the Rules Challenged

94. Defendants have adopted and threaten to enforce rules under Volume 25, Chapter 300, of the Texas Administrative Code that exceed or conflict with the Legislature's grant of authority as follows (underlines and strikethroughs indicate rule amendments effective March 31, 2026):

95. **Section 300.101** embeds the agencies' total-THC compliance framework. Although the final rules restore the statutory definition of hemp, they define an "acceptable hemp THC level" using a total delta-9 THC metric that converts THCA into delta-9 THC equivalents and then use that metric throughout the regulatory scheme.

96. The relevant definitions (as shown in Exhibits 3-4) provide:

(1) Acceptable hemp THC level—A total delta-9 tetrahydrocannabinol content concentration level on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that

includes a result of 0.3% [~~0.3 percent~~] or less.

(45) Total delta-9 THC—The value is determined after decarboxylation or by applying a conversion factor if the testing method does not include decarboxylation. This shows the potential total delta-9 THC content from the sum of delta-9 THC and THCA, reported on a dry weight basis. The post-decarboxylation value of delta-9 THC can be calculated using a chromatograph technique with heat, like gas chromatography, which converts THCA. This test calculates the potential total delta-9 THC in a sample. The total delta-9 THC can also be calculated using a liquid chromatography technique, which keeps THCA intact. This technique uses the conversion: [Total delta-9 THC = (0.877 x THCA) + delta-9 THC]. This test calculates the potential total delta-9 THC in a sample.

97. Before explaining the legal defect, Plaintiffs emphasize what this challenge is not. It is not an argument that THCA should be excluded from regulatory consideration, or that a total-delta-9 THC standard is unsound as a matter of policy. Whether to adopt such a standard is a legitimate legislative question. The defect addressed here is purely constitutional: the agency lacks authority to impose that standard through rulemaking when the Legislature’s statute specifies a different one.

98. These definitions conflict with the statutory framework governing hemp. Texas law defines hemp by reference to the concentration of delta-9 THC, not “total” THC or converted THC equivalents. By adopting a different chemical metric and making that metric the operative compliance standard throughout the rule scheme, the agencies substitute a regulatory standard different from the one chosen by the Legislature.

99. The practical effect is to replace the Legislature’s delta-9 THC threshold with a broader total-THC construct, which places far greater restrictions on CHPs than are otherwise lawful under the statute. Products that satisfy the statutory definition of hemp may nevertheless fail the agency’s total-delta-9 calculation and be treated as unlawful under the rules.

100. The final rules further modify the definition of “measurement of uncertainty” by incorporating the total-delta-9 THC framework into the compliance example. This change

confirms that the agency has embedded the non-statutory metric into the determination of whether a product is compliant.

101. **Sections 300.301 through 300.303** impose laboratory testing requirements that operationalize the agencies' total-delta-9 THC compliance framework. These provisions require manufacturers and laboratories to measure delta-9 THC, total delta-9 THC, and total THC and to ensure that CHPs satisfy the "acceptable hemp THC level" calculated using the total-delta-9 formula before those products may be introduced into commerce in Texas.

102. The relevant provisions (Exhibits 3-4) provide in part:

300.301(a)—Before a hemp plant is processed or otherwise used in the [All hemp or hemp derivatives used in the] manufacture of a consumable hemp product, a representative sample must be tested [as appropriate for the product and process by an accredited laboratory] to determine:

(3) the presence and concentration of d-9 THC, total d-9 THC, and total THC; and [or quantity of residual solvents, heavy metals, pesticides, and harmful pathogens.]

(4) a total delta-9 tetrahydrocannabinol concentration of 0.3% or less on a dry weight basis.

300.301(b)—before a consumable hemp product, including hemp-derived ingredients used for further processing into another consumable hemp product, is sold at retail, distributed, or otherwise introduced into commerce in this state, a representative sample must be tested to determine:

(2) the presence and concentration of d-9 THC, total d-9 THC, and total THC;

(4) the total delta-9 tetrahydrocannabinol concentration is 0.3% or less on a dry weight basis.

300.302(b)—Regardless of [Notwithstanding] any other law, a person must [shall] not sell, offer for sale, possess, distribute, or transport a consumable hemp product in this state[, including CBD oil,] if the consumable hemp product contains any material extracted or derived from the plant Cannabis sativa L., other than from hemp produced in compliance with 7 United States Code (U.S.C.) Chapter 38, Subchapter VII, and [unless]:

(1) a representative sample of the consumable hemp product [oil] has been

tested by an accredited laboratory and found to have a total delta-9 THC [~~tetrahydrocannabinol content~~] concentration of 0.3% or less [~~level~~] on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3% [~~0.3 percent~~] or less;

300.303 (a)—A consumable hemp product that exceeds the acceptable hemp THC level or is adulterated in a manner harmful to human consumption must [~~shall~~] not be sold at retail or otherwise introduced into commerce in this state.

103. Plaintiffs do not challenge the Administrative Defendants' authority to require laboratories to measure or report multiple cannabinoid concentrations, including delta-9 THC, total delta-9 THC, and total THC. The rules require all of these metrics to be measured and reported. But the Legislature has already selected the relevant metric for determining whether a CHP is lawful: delta-9 THC concentration. The defect arises because the rules go further and elevate a different metric—the total-delta-9 THC calculation—as the controlling standard for compliance, which in turn directly impacts the ability of Plaintiffs and other participants in Texas's CHP industry to manufacture, distribute, sell, and even possess the products that are otherwise lawful under the statute.

104. In doing so, the rules do not merely implement testing requirements; they substitute a different rule of decision for the one enacted by the Legislature. This substitution overrides the statutory crop-to-market pathway for establishing compliance recognized in § 443.152(b), which allows Texas hemp manufacturers to rely on pre-harvest testing conducted under the Agriculture Code as proof of compliance with the delta-9 THC standard. By requiring compliance to be re-determined using a different metric at the product stage, the rules negate a form of compliance the Legislature expressly recognized as sufficient.

105. Because a product may not be distributed, possessed, or sold unless it satisfies the testing requirements described above, the rules effectively require regulated businesses to evaluate legality using the agency's converted THC calculation rather than the statutory delta-9 THC

threshold. The practical effect of the testing regime under the 2026 challenged rules is not merely to measure actual cannabinoid concentrations, but to make the theoretical “total-delta-9 THC” metric the controlling legal standard governing the manufacture and sale of CHPs. In this way, the testing provisions operationalize the non-statutory compliance framework embedded throughout the rulemaking.

106. Texas law confirms that the method for determining THC concentration is itself a matter of legislative choice, and the Legislature made that choice explicitly, in both directions, in the same bill. In the agricultural context, the Legislature expressly required a post-decarboxylation testing method. *See* Tex. Agric. Code § 122.153(a). Chapter 443 contains no comparable directive. The rules therefore do not merely select a testing methodology; they import into Chapter 443 a conversion-based compliance framework the Legislature adopted elsewhere but did not incorporate here.

107. In addition, the effect of §§ 300.301(a) and (b) fall directly on manufacturers’ ability to source material for production. Those provisions require that hemp material used in manufacturing be tested and shown to satisfy the “acceptable hemp THC level,” calculated using a total-delta-9 THC metric, before it may be processed or introduced into commerce. In practice, this requirement prevents manufacturers from using hemp plants that were tested and deemed compliant at the pre-harvest stage but that may reflect higher total delta-9 THC levels at the time of processing. As a result, manufacturers cannot reliably source plant material used in manufacturing, even where that material satisfied the statutory delta-9 THC threshold when tested as required by law. This directly conflicts with the statutory framework, which recognizes agricultural-stage testing as sufficient proof of compliance and permits that determination to carry forward into commerce. *See* Tex. Health & Safety Code § 443.152(b). By requiring manufacturers

to re-evaluate plant material at the production stage, §§ 300.301-.303 negate a compliance pathway the Legislature expressly created and thereby restrict manufacturers' ability to obtain and use lawful ingredients. This constraint on manufacturers' ability to use plant material is reinforced by the transport restrictions in §§ 300.206(c) and 300.404, which prohibit the importation of that same material for further processing unless it satisfies the same non-statutory metric.

108. **Sections 300.206(c) and 300.404** impose a new restriction on the transport of hemp plants and other inputs used in manufacturing into Texas for further processing. The rules prohibit transporting such material into Texas if it exceeds the "acceptable hemp THC level," which is calculated using the rulemaking's total-delta-9 THC framework

109. The rules (Exhibits 3-4) provide:

300.206(c)—Substances containing total delta-9 THC levels above the acceptable hemp THC level may not be transported into Texas for further processing within Texas.

300.404—Consumable hemp products may be legally transported across state lines and exported to foreign jurisdictions [~~that is~~] consistent with federal law and the laws of respective foreign jurisdictions. Substances containing total delta-9 THC levels above the acceptable hemp THC level may not be transported into Texas for further processing within Texas.

110. These provisions exceed the Administrative Defendants' delegated authority because they impose a total delta-9 compliance threshold on raw plant material and intermediate plant extracts intended for further processing, rather than finished CHPs. Chapter 443 governs "consumable hemp products," defined as products intended for human consumption. Tex. Health & Safety Code § 443.001(1). It does not authorize categorical restrictions on the transport of hemp plants or plant material used as inputs in manufacturing. By applying a total delta-9 THC concentration requirement to in-process materials at stages where the Legislature imposed none, and by mandating the use of a metric during the processing stage that the Legislature did not authorize at any commercial stage, the challenged rules impose restrictions that are both

categorically unauthorized and inconsistent with the statutory framework they purport to implement.

111. The statutory framework further reflects the Legislature’s decision to determine compliance at the agricultural stage and to allow that determination to carry forward into commerce. Section 443.152(b) provides that the results of testing conducted under the Agriculture Code constitute proof that hemp satisfies the statutory delta-9 THC threshold for purposes of Chapter 443. By prohibiting the transport of hemp plants and plant material that have been tested and deemed compliant at that stage, the rules negate a form of compliance the Legislature expressly recognized and authorized.

112. These provisions also rely on the same non-statutory compliance metric embedded throughout the rules. By conditioning transport on that metric, the rules apply a compliance standard different from the one enacted by the Legislature.

113. The practical effect of §§ 300.206(c) and 300.404, particularly when combined with the testing and compliance requirements in §§ 300.301–300.303, is to prevent manufacturers from using the hemp material necessary to produce consumable hemp products within Texas. The testing provisions require that products satisfy the non-statutory “acceptable hemp THC level” calculated using a total-delta-9 THC metric, while the transport provisions prohibit the importation of plant material that does not meet that same metric prior to processing. Together, these requirements foreclose the ordinary pathway by which hemp is grown, transported, and processed into finished products under the statutory framework. As a result, manufacturers are unable to obtain or use the plant material necessary to continue their existing operations within Texas, forcing them either to cease in-state manufacturing or to relocate those operations outside the state.

114. **Sections 300.202(c) and 300.502(g)** dramatically increase licensing and registration fees and impose additional ownership-change and delinquency charges on participants in the CHP industry.

115. The amended provisions (Exhibits 3-4) provide in relevant part:

300.202(c) Fees.

(1)—Before the manufacture, processing, or distribution of consumable hemp products, a license holder must pay a fee of \$10,000 [~~\$250~~] per facility. License renewal fees are \$10,000 per facility.

(2)(A)—For each facility, a license holder must pay: A \$10,000 [~~\$250~~] fee for an amendment to a new license due to change of ownership of the licensed facility.

(4) A person who files a renewal application after the expiration date of the current license must pay an additional delinquency fee of \$1,000 [~~\$100~~].

300.502(g) All fees required by the department must be submitted with the application.

(1)—A retail hemp registration or renewal fee of \$5,000 [~~\$150.00~~] for each location is required before the sale of consumable hemp product.

(2)—A person who files a renewal application after the expiration date of the current registration must pay an additional [~~\$100~~] delinquency fee of \$1,000.

116. These added charges matter independently, not just as details of the larger fee increases. A \$250 fee became \$10,000 overnight, not because costs increased but because the agency decided to use fees as a policy lever the Legislature declined to pull. The \$10,000 ownership-change fee imposes the same extraordinary financial burden on a transfer of ownership as the annual facility fee itself, without any demonstrated relation to administrative cost. The delinquency provisions likewise increase the penalty for late renewal from \$100 to \$1,000 for both manufacturers and retailers, further confirming that the fee structure is designed not merely to recover costs, but to impose punitive and prohibitory burdens on continued participation in the

market.

117. That is taxation without statutory authority. Chapter 443 authorizes the agencies to adopt rules implementing licensing and registration requirements for consumable hemp manufacturers and retailers. But the statute does not authorize the agencies to impose sweeping economic barriers to participation in the lawful hemp market or to transform a regulatory fee structure into a significant financial condition on continued operation.

118. Specifically, the new \$5,000 per-location annual registration/renewal fee exceeds statutory authorization in Health & Safety Code § 443.2025(f), which only allows a fee schedule establishing “reasonable fee amounts” for registration. The same defect applies to the sharply increased delinquency fee in § 300.502(g)(2). Likewise, the manufacturer fee provisions in § 300.202(c)—including the \$10,000 annual fee, the \$10,000 ownership-change fee, and the increased delinquency fee—bear no demonstrated relation to the actual costs of administering and enforcing Chapter 443. By setting registration fees at an amount that exceed what is necessary to recover the costs of administering and enforcing the regulation, it conflicts with the limited statutory authorization granted in § 443.2025(g) to “adopt rules to implement and administer this section.” And the constitutional defect arises because the magnitude and structure of the fees demonstrate that they function as revenue-raising measures rather than regulatory cost recovery.

119. Further, in GA-56, Governor Abbott directed DSHS to revise application and renewal fees “to reflect the full regulatory and enforcement costs incurred by the State.” Exhibit 23. However, the rulemaking record confirms that the fee provisions were designed to impose significant economic burdens on the industry. Although the Administrative Defendants claim the fees are cost-recovery measures tied to inspection, testing, and enforcement activities, the rulemaking record contains no demonstrated calculation showing that the adopted fees correspond

to the actual costs of administering and enforcing Chapter 443. In fact, the Administrative Defendants previously conceded their costs will be no more than tens of thousands of dollars annually. Exhibit 25.

120. The practical effect of these provisions is to impose substantial financial burdens on manufacturers and retailers as a condition of participating in the lawful hemp market.

121. **Section 300.601(b)** establishes a penalty structure under which each day that a violation continues is treated as a separate violation for purposes of calculating administrative penalties.

122. The rule (Exhibits 3-4) provides:

Each day a violation continues or occurs counts as [~~is~~] a separate violation when calculating [~~for purposes of imposing~~] an administrative penalty.

123. This enforcement framework conflicts with the statutory scheme governing CHPs. Chapter 443 requires the adoption of rules that provide retailers notice of potential violations and an opportunity to cure violations that are unintentional or negligent. Tex. Health & Safety Code § 443.201(b). By authorizing administrative penalties to accrue daily, the rule allows penalties to escalate rapidly while regulated businesses are attempting to comply with statutory notice-and-cure protections.

124. Administrative agencies may adopt reasonable enforcement mechanisms to implement statutory programs. But they may not adopt penalty structures that effectively undermine procedural protections the Legislature required to be implemented by rule.

125. The practical effect of § 300.601(b) is to expose regulated businesses to rapidly escalating administrative penalties even for technical or inadvertent violations. When combined with the final rules' expanded regulatory scope and increased licensing fees, the daily-violation provision substantially magnifies the economic consequences of noncompliance.

X. CAUSES OF ACTION

A. Ultra Vires Actions that Exceed Delegated Authority

126. The claims that follow do not ask this court to decide whether the challenged rules reflect good policy. Subject to the Governor’s veto power, that question belongs to the Legislature, which has considered it at length and has not answered it the way the Administrative Defendants prefer. What this court is asked to decide is narrower and more fundamental: whether an administrative agency may impose through rulemaking the policy outcome that the Constitution’s own lawmaking process declined to authorize. The Legislature passed S.B. 3. The Governor vetoed it in an act not of executive obstruction but of constitutional design. Two special sessions were called; neither produced a statute. The result of the entire process was unambiguous: no new statute regulating the CHP industry. Administrative agencies do not sit above that result. They cannot use rulemaking to accomplish what the separation of powers chose not to enact.

127. Plaintiffs reallege and incorporate the foregoing paragraphs 1-125.

128. Texas law permits suits for prospective relief against state officials acting *ultra vires* (*i.e.*, without legal authority or in conflict with governing statutes). *Houston Belt & Terminal Railway Co. v. City of Houston*, 487 S.W.3d 154, 158 n. 1 (Tex. 2016) (“[W]hen a governmental officer is sued for allegedly *ultra vires* acts, governmental immunity does not apply from the outset.”); *City of El Paso v. Heinrich*, 284 S.W.3d 366, 376 (Tex. 2009) (“[A] claimant who successfully proves an *ultra vires* claim is entitled to prospective injunctive relief”).

129. Defendants have adopted and threaten to enforce amendments to 25 T.A.C. Chapter 300 that exceed or conflict with the limited authority delegated by the Legislature in Chapter 443 and related statutes.

130. Although the final rules preserve the statutory definition of hemp in § 300.101(20), the rules replace the Legislature’s compliance standard in operation by imposing a regulatory

framework based on “acceptable hemp THC level” and “total delta-9 THC.” That framework converts THCA into delta-9 THC equivalents and makes the converted value the operative metric governing testing, transport, distribution, and sale of CHPs.

131. The Administrative Defendants’ lack of authority is further confirmed by their own prior rulemaking record, in which DSHS acknowledged that changing the statutory THC threshold requires legislative action and is outside the scope of its rulemaking authority.

132. The rules therefore accomplish indirectly what the agencies lack authority to do directly: substitute a different legal standard for the one enacted by the Legislature.

133. The challenged provisions exceed delegated authority for multiple independent reasons, including:

- Substituting a total-delta-9 THC compliance framework for the Legislature’s delta-9 THC concentration standard;
- Imposing a conversion-based THC compliance framework that overrides the statutory framework governing testing and legality under §§ 443.151-.152;
- Negating the farm-to-market statutory pathway for establishing compliance recognized in § 443.152(b);
- Prohibiting the possession, transport, and sale of products that comply with Chapter 443, in conflict with §§ 443.201, 443.206, and 443.207;
- Imposing dramatically increased licensing and registration, ownership-change, and delinquency fees that function as sweeping economic barriers to participation in the lawful hemp market; and
- Adopting a penalty framework that undermines statutory notice-and-cure protections and, in conjunction with existing enforcement authority, exposes

regulated parties to license suspension or revocation based on non-statutory violations.

134. Texas law makes clear that courts do not defer to an agency's interpretation of statutes or its own rules, and instead must independently determine whether the agency's construction is consistent with the statute's plain language. See Tex. Gov't Code §§ 2001.042, 2001.1721.

135. The Administrative Defendants' actions cannot be justified by reference to GA-56. The Executive Order contemplates targeted regulatory measures within existing law; it does not authorize the Administrative Defendants to redefine statutory terms or impose revenue-generating fee structures untethered from regulatory costs.

136. Plaintiffs do not challenge provisions of Chapter 300 that fall within the Administrative Defendants' delegated authority to implement public-health and safety protections. This action instead targets discrete provisions that exceed statutory limits and alter the Legislature's chosen regulatory framework.

137. Plaintiffs therefore seek prospective declaratory and injunctive relief to prevent Defendants from implementing, enforcing, or giving effect to the challenged rules: specifically the rules enacted under 25 Tex. Admin Code §§ 300.101(1), 300.101(45), 300.301-.303, 300.206(c), 300.404, 300.202(c), 300.502(g), and 300.601(b).

B. Texas Constitutional Violation: Unlawful Regulatory Fee / Occupational Tax

138. Plaintiffs reallege and incorporate the foregoing paragraphs 1-125.

139. The Texas Constitution authorizes occupation taxes only within constitutional limits, providing that “[t]he Legislature may impose occupation taxes, both upon natural persons and upon corporations,” but requiring that such taxes be imposed only as the Constitution permits. Tex. Const. art. VIII, § 1(c). Texas law distinguishes between a permissible regulatory fee—one

reasonably calibrated to recover the costs of administering and enforcing a regulatory program—and an impermissible tax imposed to raise revenue or discourage lawful activity through prohibitive pricing. *Texas Boll Weevil Eradication Foundation, Inc. v. Lewellen*, 952 S.W.2d 454, 461-62 (Tex. 1997) (fees reasonably necessary to fund regulation are not occupation taxes).

140. The fee increases here are not calibrated to cost; rather, they are calibrated to consequence. A fee that increases fortyfold overnight, against a rulemaking record showing program costs measured in tens of thousands of dollars, is not a cost-recovery measure. It is an unconstitutional policy instrument and imposing such instrument as a condition of engaging in a lawful occupation is precisely what the Texas Constitution's limits on occupation taxes were designed to prevent. Indeed, § 300.202(c)(1) increases the annual license fee for manufacturing, processing, and distributing CHPs from \$250 to \$10,000 per facility; § 300.202(c)(2)(A) imposes a \$10,000 fee for a change in ownership of a licensed facility; § 300.202(c)(4) increases the delinquency fee for late manufacturer renewals from \$100 to \$1,000; § 300.502(g)(1) increases the annual retail registration fee from \$150 to \$5,000 per location; and § 300.502(g)(2) increases the delinquency fee for late retail renewals from \$100 to \$1,000. Exhibits 3-4. These charges apply as a condition of engaging in a lawful occupation and represent dramatic increases over the prior regulatory framework.

141. Plaintiffs bring a facial challenge to these fee provisions. The challenged rules impose fixed charges as a condition of engaging in a lawful occupation, and those charges apply uniformly to all regulated entities. The constitutional defect arises from the nature and magnitude of the fees themselves, not from their application in particular circumstances.

142. Although the Defendants now characterize the fees as cost-recovery measures, the rulemaking record does not demonstrate that the adopted amounts correspond to the actual costs

of administering and enforcing Chapter 443. This conclusion is reinforced by contemporaneous interagency agreements reflecting that core enforcement activities associated with the CHP program operate at costs measured in tens of thousands of dollars. Exhibit 26, Memorandum of Understanding between DSHS and TABC. Where a purported fee is fixed at an amount designed to generate substantial revenue, it is properly treated as a tax and cannot be imposed absent clear legislative authorization and compliance with Article VIII's constraints. *See Tex. Boll Weevil*, 952 S.W.2d at 461-62.

143. The mismatch between fee-generated revenue and legislative appropriations for the CHP regulatory program further confirms that these charges are not calibrated to recover regulatory costs. The Legislature has already determined the scale of funding necessary to administer and enforce Chapter 443. In the General Appropriations Act, the Legislature appropriated approximately \$1.3 million annually from consumable hemp licensing revenue for this program, with authority for only a limited additional amount. Exhibit 27, S.B. 1 (General Appropriations Act), 89th Leg., excerpts, at II-31. Public fiscal data maintained by the Texas Comptroller reflects that the program is already generating substantial monthly revenue—over \$1.5 million in February 2026 alone—from existing fee amounts. Exhibit 28, Texas Comptroller Webpages Regarding Fees/Costs. When compared to the Legislature's appropriations, those collections demonstrate that the program is already producing revenue in excess of its funding levels. Here, the rulemaking dramatically increases licensing, registration, and related fees. The effect of these increases is to widen the disparity, confirming that the challenged fees are not designed to recover regulatory costs but instead function as revenue-generating exactions.

144. Because the Legislature did not authorize Defendants to impose an occupation tax through rulemaking, and because the challenged fee provisions operate as a revenue-raising tax

rather than cost-based regulatory fees, §§ 300.202(c)(1), 300.202(c)(2)(A), 300.202(c)(4), 300.502(g)(1), and 300.502(g)(2) constitute unauthorized occupation taxes, violate the Texas Constitution, and are therefore invalid. Plaintiffs seek declaratory and injunctive relief barring Defendants from assessing, collecting, or enforcing these unconstitutional charges.

C. Texas Constitutional Violation: Due Course of Law (Procedural Due Process)

145. Plaintiffs reallege and incorporate the foregoing paragraphs 1-125.

146. The Texas Constitution provides that no citizen may be deprived of “life, liberty, property, privileges or immunities” except by the due course of the law of the land. Tex. Const. art. I, § 19. Texas courts have held that due course of law, at a minimum, requires notice and an opportunity to be heard at a meaningful time and in a meaningful manner before the government imposes severe deprivations of protected interests. *Univ. of Tex. Med. Sch. at Hous. v. Than*, 901 S.W.2d 926, 930 (Tex. 1995).

147. Plaintiffs hold and seek to maintain licenses and registrations necessary to engage in the lawful manufacture, distribution, and retail sale of CHPs in Texas. Those licenses, registrations, and the ability to operate a lawful business constitute protected interests that cannot be burdened or withdrawn through arbitrary, standardless, or fundamentally unfair procedures. *Than*, 901 S.W.2d at 930. The challenged rules alter the legal standards governing Plaintiffs’ existing operations by conditioning continued lawful activity on compliance with a non-statutory regulatory framework. As a result, Plaintiffs face the loss of the ability to continue operating under the statutory scheme that governed their conduct at the time their licenses were issued, without the procedural protections required by statute and the Constitution.

148. The challenged rules and threatened enforcement scheme violate due course of law by authorizing compounding penalties and severe sanctions without providing the procedural protections the Legislature required and the Constitution demands. Most directly, § 300.601(b)

treats each day a violation “continues” as a separate violation for penalty purposes, even though Chapter 443 requires the Executive Commissioner, by rule, to provide retailers fair notice of a potential violation and an opportunity to cure an unintentional or negligent violation. Tex. Health & Safety Code § 443.201(b). Daily accrual of penalties is incompatible with meaningful notice and cure, permitting escalating penalties before (and while) a regulated party can realistically receive notice and take corrective action.

149. Plaintiffs bring a facial challenge to this provision. The challenged rules operate uniformly across all regulated parties and products, and the constitutional defect arises from the structure of the rules themselves, which authorize enforcement and severe deprivations based on a non-statutory compliance framework.

150. Plaintiff therefore seeks declaratory and injunctive relief holding that 25 T.A.C. § 300.601(b) violates Tex. Const. art. I, section 19, and enjoining Defendants from assessing daily accruing penalties under this provision in the absence of constitutionally sufficient procedures.

D. Texas Constitutional Violation: Excessive Fines / Excessive Penalties

151. Plaintiffs reallege and incorporate the foregoing paragraphs 1-125.

152. The Texas Constitution prohibits excessive fines and disproportionate penalties. Tex. Const. art. I, § 13. This protection is not limited to traditional criminal “fines.” Texas courts have recognized that monetary exactions that are punitive in purpose or effect—including civil or statutory penalty schemes—implicate the Excessive Fines Clause. *See Pennington v. Singleton*, 606 S.W.2d 682, 690-91 (Tex. 1980) (addressing whether statutory multiple damages constitute an unconstitutionally excessive fine under article I, section 13). Although regulatory agencies may impose civil penalties to enforce statutory schemes, those penalties must bear a reasonable relationship to the gravity of the alleged violation. When a regulatory framework authorizes compounding financial sanctions and potentially business-ending penalties disproportionate to the

alleged misconduct, it violates these constitutional protections.

153. The challenged rules create an escalating enforcement structure that exposes regulated entities to severe financial sanctions. Section 300.601(b) provides that each day a violation “continues” constitutes a separate violation for penalty purposes. Other provisions, including product detention and embargo authority, operate in conjunction with this penalty structure to increase the practical consequences of alleged violations. These provisions operate in combination with the licensing and registration fee structure and the Defendants’ civil penalty authority under Chapter 431.

154. Plaintiffs bring a facial challenge to these penalty provisions. The rules authorize cumulative and escalating penalties that apply uniformly based on the same triggering conditions, and the constitutional defect arises from the structure and magnitude of those penalties.

155. When applied together, these provisions expose regulated entities to compounding daily penalties, product embargo, and the potential loss of the ability to conduct lawful business. The magnitude of these sanctions is disproportionate to the types of regulatory violations contemplated by Chapter 443, particularly where violations may be unintentional or technical in nature. A regulatory regime that authorizes escalating financial sanctions and potentially business-ending penalties without proportional safeguards violates the constitutional prohibition on excessive fines and penalties. *See* Tex. Const. art. I, § 13, *Pennington*, 606 S.W.2d at 690-91.

156. Plaintiffs seek declaratory and injunctive relief holding that the challenged provisions—including the daily violation accrual rule and the revocation authority described above—create a penalty structure that violates Tex. Const. art. I, § 13, and enjoining Defendants from enforcing these provisions.

E. Violation of the Texas Administrative Procedure Act (Procedural Noncompliance, Failure to Respond to Comments, and Arbitrary Decision-Making)

157. Plaintiffs reallege and incorporate the foregoing paragraphs 1-125.

158. The challenged rules are invalid because they were adopted in violation of mandatory procedural requirements of the Texas Administrative Procedure Act (“APA”) and are the product of arbitrary and capricious decision-making.

159. The APA requires agencies to engage in reasoned decision-making supported by statutorily required analysis and meaningful consideration of public input. Among other requirements, an agency must: (i) evaluate economic impacts, including local employment effects, where applicable, *see* Tex. Gov’t Code § 2001.022; (ii) consider less burdensome alternatives when a rule will have a significant adverse economic effect on small businesses, *see id.* § 2006.002; and (iii) consider all submissions and provide a reasoned justification for the rule, including responses to comments raising significant issues, *see id.* § 2001.033(a), (c).

160. The rulemaking record reflects Defendants’ failure to comply with these statutory requirements governing economic analysis. Texas Government Code § 2001.022 requires an agency to determine whether a proposed rule may affect a local economy and, if so, to prepare a local employment impact statement describing in detail the probable effect of the rule on employment in each affected geographic area for the first five years of implementation.

161. Here, Defendants expressly acknowledged that the challenged rules would have significant economic effects. In the proposed-rule preamble, DSHS recognized that the rules would have an “adverse economic effect on small businesses” and projected substantial economic impacts across the state. Exhibit 25. At the same time, DSHS stated that it “does not have sufficient data to define the impact” of the rules on local economies. *Id.* Despite acknowledging that the rules would affect local economies, Defendants did not prepare the local employment impact statement

required by § 2001.022. Having determined that the rules would affect local economies, Defendants were required to perform that analysis. Their failure to do so violates the APA.

162. The rulemaking record reflects a similar failure to comply with Texas Government Code § 2006.002. That provision requires an agency to consider less burdensome alternatives when a rule is expected to have a significant adverse economic effect on small businesses. Here, the Administrative Defendants acknowledged substantial economic impacts—including effects on thousands of businesses and hundreds of millions of dollars in annual activity—yet dismissed alternatives with conclusory statements that they would not be consistent with public health and safety. The record does not reflect the meaningful consideration of alternatives required by statute.

163. The APA also requires meaningful engagement with public comments. Section 2001.033 provides that an agency “shall consider all submissions” and must include in the rule’s preamble “a reasoned justification” for the rule and a response to comments that raise “significant issues.” Tex. Gov’t Code § 2001.033(a), (c).

164. The rulemaking record reflects that Defendants failed to comply with this requirement. Commenters raised substantial statutory and economic concerns, including objections to the substitution of a total-delta-9 THC compliance metric for the Legislature’s delta-9 THC standard, the lack of statutory authority for that change, and the economic impact of the rule’s fee structure. As reflected in the preamble, Defendants responded to multiple such comments with conclusory statements that the agency “disagrees and declines to revise the rule,” without engaging the substance of those concerns. *See Exhibit 3*. These responses do not satisfy the APA’s requirement of reasoned justification.

165. Taken together, these failures demonstrate arbitrary and capricious rulemaking. The agency acknowledged substantial economic consequences while disclaiming the ability to

assess local impacts, relied on economic projections to justify significant regulatory burdens, and failed to consider less burdensome alternatives or meaningfully respond to statutory objections. *See Exhibits 3, 25.* This internal inconsistency and lack of reasoned analysis cannot be reconciled with the APA's requirements.

166. These procedural violations substantially prejudice Plaintiffs' rights. The required economic analysis and meaningful consideration of public comments would have addressed the economic and operational consequences of the rulemaking across the regulated market, including the effect of the non-statutory compliance standard and expanded fee structure on lawful businesses operating in Texas. By failing to conduct that analysis and adequately consider those concerns, Defendants deprived both the public and the rulemaking process of information directly relevant to whether the rules are consistent with statutory limits and appropriate for implementation.

167. Accordingly, the challenged rules are invalid under the APA. These procedural defects provide an independent basis for declaratory and injunctive relief and further confirm that the challenged rules cannot be enforced by Defendants.

XI. REQUEST FOR DECLARATORY JUDGMENT UNDER THE TEXAS APA

168. Plaintiffs reallege and incorporate the foregoing paragraphs 1-125.

169. Texas Government Code § 2001.038 authorizes suit to determine the validity or applicability of an administrative rule when the rule or its threatened application interferes with or impairs, or threatens to interfere with or impair, a legal right or privilege of the plaintiff.

170. Plaintiffs bring this claim under § 2001.038 seeking a judicial determination of the validity of specific rules adopted under 25 T.A.C. Chapter 300. The challenged rules, and their threatened application, interfere with and impair (and threaten to interfere with and impair) Plaintiffs' legal rights and privileges, including the right to engage in the lawful manufacture,

distribution, sale, and handling of CHPs in Texas without being subjected to ultra vires regulatory burdens, unlawful exactions, and unconstitutional penalties.

171. Defendant HHSC is the agency through which the Executive Commissioner exercises statutory rule-adoption authority for the CHP program. Defendant Stephanie Muth, in her official capacity as HHSC Executive Commissioner, has authority under Texas Health & Safety Code § 443.051 to “adopt rules as necessary to implement” Chapter 443, and Chapter 443 further identifies specific subjects and limits for rulemaking, including the requirement that the Executive Commissioner “by rule must” provide retailers fair notice and an opportunity to cure certain violations. Tex. Health & Safety Code §§ 443.051, 443.201(b). The Executive Commissioner’s authority is therefore implementing and bounded; it does not include authority to redefine statutory terms, impose unconstitutional occupation taxes in the guise of fees, or adopt enforcement mechanisms that conflict with statutory protections or constitutional limits.

172. Defendant DSHS administers and implements the CHP program, including through licensing and registration administration, compliance and inspection activity, fee assessment and collection, and referrals for civil enforcement. Defendant Jennifer Shuford, in her official capacity as DSHS Commissioner, is the state official responsible for implementing and enforcing the challenged rules against Plaintiffs and their members.

173. Section 2001.038(c), requires that the “state agency must be made a party to the action.” Tex. Gov’t Code § 2001.038(c). HHSC and DSHS are therefore properly joined as defendants because they are responsible for adoption (HHSC through the Executive Commissioner) and implementation/enforcement (DSHS) of the challenged rules.

174. Based on the foregoing, Plaintiffs request that the Court enter a judgment declaring that:

a. 25 T.A.C. §§ 300.101(1) and 300.101(45), and related provisions including §§ 300.301-300.303, 300.206(c), and 300.404, are invalid and unenforceable because they substitute a “total delta-9 THC” compliance standard for the delta-9 THC concentration standard enacted by the Legislature, in excess of Defendants’ statutory authority.

b. 25 T.A.C. §§ 300.206(c) and 300.404 are invalid and unenforceable because they prohibit the transport of hemp plants and plant material used in manufacturing for further processing based on a non-statutory compliance standard and regulate subject matter beyond the scope of Chapter 443.

c. 25 T.A.C. § 300.202(c), including subsections (c)(1), (c)(2)(A), and (c)(4), is facially invalid because it imposes unauthorized occupation taxes or revenue-raising exactions in violation of Tex. Const. art. VIII, § 1(c), and exceeds Defendants’ statutory authority.

d. 25 T.A.C. § 300.502(g), including subsections (g)(1) and (g)(2), is facially invalid because it imposes unauthorized occupation taxes or revenue-raising exactions in violation of Tex. Const. art. VIII, § 1(c), and exceeds Defendants’ statutory authority.

e. 25 T.A.C. § 300.601(b) is invalid and unenforceable because it conflicts with Texas Health & Safety Code § 443.201(b) and is facially unconstitutional under Tex. Const. art. I, §§ 13 and 19 by authorizing cumulative penalties that are arbitrary in operation and disproportionate to the nature of the alleged violation.

f. The challenged rules were adopted in violation of the Texas Administrative Procedure Act, including Texas Government Code §§ 2001.022, 2001.033, and 2006.002, and are therefore invalid.

175. Declaratory relief is necessary to resolve the legal status of the challenged rules and to prevent ongoing and threatened enforcement actions based on provisions that exceed the

agencies' statutory authority. Without such relief, Plaintiffs and other regulated parties will continue to face uncertainty and enforcement exposure under rules that conflict with governing statutes.

XII. APPLICATION FOR TEMPORARY RESTRAINING ORDER AND TEMPORARY/ PERMANENT INJUNCTION

176. Plaintiffs reallege and incorporate the foregoing paragraphs 1-125.

177. This application is supported by the sworn affidavits attached hereto as Exhibits 5-14.

178. Plaintiffs seek temporary and permanent injunctive relief—under Tex. R. Civ. P. 680-687, Tex. Civ. Prac. & Rem. Code Chapter 65, and Tex. Gov't Code §§ 24.007(a), 24.008, and 24.011—to prevent enforcement of rules that exceed the agencies' statutory authority, were adopted in violation of the APA, violate the Texas Constitution, and conflict with governing law. Absent such relief, Plaintiffs and similarly situated regulated businesses participating in Texas's consumable hemp industry are immediately forced either to cease ordinary business operations and incur lost revenues and increased regulatory and compliance costs, or to operate under the threat of embargo, escalating penalties, license revocation, and other enforcement consequences based on rules that are unlawful.

179. Plaintiffs request temporary and permanent injunctive relief to prevent Defendants from implementing, applying, or enforcing any portion of the challenged rules that condition the processing, manufacture, possession, transport, distribution, or sale of CHPs on compliance with a "total delta-9 THC" or "acceptable hemp THC level" standard rather than the statutory delta-9 THC concentration threshold (at or below 0.3% on a dry weight basis) enacted by the Legislature. Such relief is necessary because the 2026 rules preserve the statutory definition of hemp in form while replacing the Legislature's compliance standard in operation. They also prohibit the

possession, transport, distribution, and sale of products that the Legislature has expressly authorized to move in commerce when compliant with Chapter 443, thereby disrupting the statutory pathway through which lawful hemp products are cultivated, processed, manufactured, and sold. Without injunctive relief, Defendants will continue to enforce a regulatory standard that the Legislature did not enact.

180. The requested relief is narrowly tailored. Plaintiffs do not seek to enjoin enforcement of provisions that fall within the agencies' lawful authority to protect public health and safety, including age-verification and related consumer protection requirements. Instead, Plaintiffs seek relief only as to those provisions that exceed statutory authority and conflict with governing law.

181. Because Plaintiffs operate within a statewide regulatory framework governing the processing, manufacture, possession, transport, distribution, and sale of consumable hemp products, effective equitable relief must address the challenged regulatory framework itself rather than merely limiting enforcement against the named Plaintiffs. Otherwise, the rules would continue to operate across the market in which Plaintiffs must function, making it impossible to provide complete and practical relief to the Plaintiffs' ongoing business operations.

182. Plaintiffs further request temporary and permanent injunctive relief to prevent Defendants from implementing or enforcing the specific rule provisions that implement the unlawful compliance framework and other ultra vires regulatory expansions, including:

- 25 T.A.C. §§ 300.101(1) and 300.101(45), which define “acceptable hemp THC level” and “total delta-9 THC”;
- 25 T.A.C. §§ 300.301-300.303, to the extent those provisions enforce the non-statutory total-delta-9 THC compliance metric; and

- 25 T.A.C. §§ 300.206(c) and 300.404, which prohibit the transport of substances into Texas for further processing based on that non-statutory metric, thereby preventing manufacturers from obtaining hemp plants and plant material necessary to produce CHPs within Texas.

183. Injunctive relief directed to these specific provisions is necessary because each implements one or more of the structural conflicts between the rulemaking and the governing statutory framework. These provisions collectively impose the unlawful regulatory framework described above and therefore must be restrained to prevent continuing statutory violations.

184. Plaintiffs also request temporary and permanent injunctive relief to prevent Defendants from assessing or collecting the dramatically increased licensing and registration fees imposed by 25 T.A.C. §§ 300.202(c) and 300.502(g). These provisions increase manufacturer licensing fees from \$250 to \$10,000 per facility, impose a \$10,000 ownership-change fee, increase manufacturer delinquency fees from \$100 to \$1,000, increase retail registration fees from \$150 to \$5,000 per location, and increase retail delinquency fees from \$100 to \$1,000. Because these provisions impose sweeping financial burdens that exceed the agencies' delegated authority and operate as barriers to lawful participation in the hemp market, equitable relief is necessary to prevent irreparable economic harm that cannot be adequately remedied through post-enforcement litigation.

185. Plaintiffs further request an injunction prohibiting Defendants from assessing administrative penalties, embargoing products, or revoking licenses or registrations based on the challenged provisions, including 25 T.A.C. §§ 300.601(b). This rule authorizes escalating daily penalties and the risk of license suspension or revocation based on alleged violations of the challenged rules. Because these enforcement provisions depend on regulatory requirements that

exceed the agencies' statutory authority, their enforcement would expose Plaintiffs to compounding penalties and business-ending regulatory sanctions while the legality of the rules remains unresolved.

186. Finally, Plaintiffs request an injunction prohibiting the Attorney General from initiating or pursuing civil enforcement actions or penalty-collection proceedings based on the challenged rule provisions. Chapter 431 authorizes the Attorney General to pursue civil enforcement actions at the request of the Department, including actions seeking penalties and injunctive relief. Absent an injunction, Plaintiffs and similarly situated businesses could be subjected to civil enforcement proceedings based on regulatory standards that exceed the agencies' statutory authority.

187. The requested injunction would operate only in personam against Defendants and those acting in concert with them, preventing enforcement of the challenged rules.

188. Temporary injunctive relief is necessary to preserve the status quo while the Court determines the validity of the challenged rules. The status quo to be preserved is the regulatory framework established by the Legislature in Chapter 443, under which Plaintiffs have conducted lawful business operations for several years.

189. Plaintiffs have a probable right to relief because the rules exceed the agencies' delegated authority, were adopted in violation of the APA, and conflict with governing statutes and constitutional limits. As described above, the rules substitute a non-statutory total-delta-9 THC compliance framework for the 0.3% dry weight delta-9 THC standard enacted by the Legislature, impose sweeping licensing and registration fees not authorized by statute, and adopt penalty provisions inconsistent with the procedural protections required by Chapter 443.

190. Plaintiffs will suffer probable, imminent, and irreparable injury absent injunctive

relief. The challenged rules impose immediate compliance obligations and threaten enforcement consequences including product embargo or detention, escalating administrative penalties, license or registration revocation, and civil enforcement actions. The combined effect of the testing requirements in §§ 300.301–300.303 and the transport restrictions in §§ 300.206(c) and 300.404 prevents manufacturers from sourcing and using hemp plants and plant material necessary for production. Such disruption to ongoing business operations, supply chains, customer relationships, and goodwill constitutes irreparable harm that cannot be adequately remedied by money damages.

191. The balance of equities and the public interest strongly favor injunctive relief. Texas courts exercising equitable jurisdiction must consider whether relief is necessary to provide a practical and complete remedy and to prevent the repetition of unlawful conduct affecting similarly situated parties. *See, e.g., Huynh v. Blanchard*, 694 S.W.3d 648, 685 (Tex. 2024); *Campbell v. Wilder*, 487 S.W.3d 146, 152–53 (Tex. 2016). Here, the challenged rules impose a regulatory framework that governs the statewide processing, manufacture, transportation, distribution, and retail sale of CHPs, including restrictions that disrupt and, in many cases, prevent in-state manufacturing by cutting off access to plant material and other inputs. Because Plaintiffs’ businesses operate within this integrated industry, enforcement of the challenged rules will inflict immediate and indivisible injury on Plaintiffs’ ability to conduct lawful operations. By contrast, temporarily restraining enforcement of rules that exceed the agencies’ delegated authority imposes no cognizable equitable harm on the State.

192. The public interest is also served by preserving a stable and lawful regulatory framework for CHPs. The challenged rules do not merely impose additional requirements; they fundamentally alter the compliance standard in a way that will force significant portions of the existing regulated market to cease operations or move outside the State. When lawful market

participants are displaced by regulatory changes that exceed statutory authority, the result is not increased compliance, but reduced transparency and diminished oversight. Maintaining the Legislature's framework while this dispute is resolved preserves the State's ability to regulate a functioning market, rather than driving that activity into less regulated channels.

193. The public interest is equally served by maintaining the constitutional order that makes predictable governance possible. Businesses in every industry must be able to rely on the law as the Legislature wrote it. When agencies are permitted to rewrite that law through rulemaking, it is not only the regulated industry that suffers. It is every Texan who depends on the separation of powers to ensure that the people's elected representatives, not appointed administrators, make the choices that govern their lives. Separation of powers is not a technicality available only to sympathetic litigants. It is the structural guarantee that the people's representatives, and not their administrators, govern them.

XIII. REQUEST FOR RELIEF

Plaintiffs respectfully request that the Court:

- A. Grant a declaratory judgment pursuant to Texas Government Code § 2001.038 declaring that the challenged rules herein are invalid, void, and unenforceable because they exceed the authority delegated to Defendants, were adopted in violation of the Texas Constitution and the Texas Administrative Procedure Act, and conflict with Texas Health & Safety Code Chapter 443 and related statutes.
- B. Grant a temporary restraining order and temporary and permanent injunction prohibiting Defendants, their officers, agents, employees, and all persons acting in concert with them from implementing, enforcing, assessing, collecting, or otherwise giving effect to the rule provisions challenged herein.
- C. Award Plaintiffs their reasonable attorneys' fees and costs to the extent permitted by law.
- D. Grant such other and further relief to which Plaintiffs are justly entitled at law or in equity.

Respectfully submitted

BUTLER SNOW LLP

By: /s/ Amanda G. Taylor
Amanda G. Taylor
Texas Bar No. 24045921
Amanda.Taylor@butlersnow.com
J.R. Johnson
Texas Bar No. 24070000
JR.Johnson@butlersnow.com
1400 Lavaca St., Suite 1000
Austin, Texas 78701
Tele: (737) 802-1800

SNELL LAW

Jason W. Snell
Texas Bar No. 24013540
jsnell@snellfirm.com
W. Lance Cawthon
Texas Bar No. 24006979
lcawthon@snellfirm.com
404 W 13th St.
Austin, Texas 78701
Tele: (512) 477-5291

THE BANKS LAW FIRM, P.A.

Andrea Steel
Texas Bar No. 24064320
asteel@bankslawfirm.com
1415 Louisiana St., 18th Floor
Houston, Texas 77002
Tele: (281) 755-3850

**ATTORNEYS FOR PLAINTIFFS TEXAS HEMP
BUSINESS COUNCIL; ALCHEMY TX CONSULTING,
LLC; A TO Z INVESTMENTS AND WHOLESALE;
CPRT AND COMPANY, LLC; AND TEXAS GREEN
CRAFT, LLC AKA TEXAKANA ORGANICS**

DICKINSON WRIGHT PLLC

By: /s/ Andrew J. Alvarado

Andrew J. Alvarado
Texas Bar No. 24118811
aalvarado@dickinsonwright.com
607 West Third Street, Suite 2500
Austin, Texas 78701
Tele: (512) 770-4200
Fax: (844) 670-6009

**ATTORNEY FOR PLAINTIFF HEMP INDUSTRY &
FARMERS OF AMERICA**

DAVID K. SERGI & ASSOCIATES, P.C.

By: /s/ David K. Sergi

David K. Sergi
Texas Bar No. 18036000
david@sergilaw.com
Anthony J. Fusco
Texas Bar No. 24065259
tony@sergilaw.com
329 S. Guadalupe Street
San Marcos, Texas 78666
Tele: (512) 392-5010

JOHNSTON TOBEY BARUCH, P.C.

Charles ("Chad") Baruch
Texas Bar No. 01864300
chad@jtlaw.com
12377 Merit Drive, Suite 880
Dallas, Texas 75251
Tele: (214) 741-6260

**ATTORNEYS FOR PLAINTIFFS ELEVATE ONE TX,
LLC DBA ELEVATE WELLNESS DISPENSARY, LLC;
CLUTCH CITY GAS LLC DBA TEXAS HIGH
COUNCIL; SALGANIK SERVICES, INC.; AND WYATT
PURP LLC**

Exhibit 1

Proposed Temporary Restraining Order

CAUSE NO. _____

TEXAS HEMP BUSINESS COUNCIL;
HEMP INDUSTRY & FARMERS OF
AMERICA; ALCHEMY TX
CONSULTING, LLC; A TO Z
IVESTMENTS AND WHOLESALE,
LLC; CPRT AND COMPANY, LLC dba
SERENITY ORGANICS; TEXAS
GREEN CRAFT, LLC aka TEXAKANA
ORGANICS; ELEVATE ONE TX, LLC
dba ELEVATE WELLNESS
DISPENSARY, LLC; CLUTCH CITY
GAS LLC dba TEXAS HIGH
COUNCIL; SALGANIK SERVICES,
INC.; and WYATT PURP LLC,

Plaintiffs,

v.

TEXAS DEPARTMENT OF
STATE HEALTH SERVICES,
JENNIFER SHUFORD, in her official
capacity as Commissioner of
DSHS, TEXAS HEALTH AND
HUMAN SERVICES COMMISSION,
STEPHANIE MUTH, in her official
capacity as Executive Commissioner of
HHSC, and WARREN KENNETH
PAXTON JR., in his official capacity as
the Attorney General of Texas,

Defendants.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

____ JUDICIAL DISTRICT

TEMPORARY RESTRAINING ORDER

Plaintiffs, Texas Hemp Business Council (“THBC”), Hemp Industry & Farmers of America (“HIFA”), Alchemy TX Consulting, LLC (“Alchemy”), A To Z Investments and Wholesale, LLC operating under the assumed name Burners – Vape, Smoke, and Herb (“Burners”), CPRT and Company, LLC dba Serenity Organics – Your CBD Apothecary (“Serenity Organics”), Texas Green Craft, LLC aka TexaKana Organics (“TexaKana”), Elevate One TX,

LLC dba Elevate Wellness Dispensary, LLC; Clutch City Gas LLC dba Texas High Council; Salganik Services, Inc.; and, Wyatt Purp LLC (collectively “Plaintiffs”) filed a Verified Original Petition and Application for Temporary Restraining Order and Temporary and Permanent Injunction on April 7, 2026, against Defendants Department of State Health Services (“DSHS”); its Commissioner Jennifer Shuford in her official capacity; the Texas Health and Human Services Commission (“HHSC”); its Executive Commissioner Stephanie Muth in her official capacity (together the “Administrative Defendants”); and Warren Kenneth Paxton Jr., in his official capacity as the Attorney General of Texas (the “Attorney General”) (collectively, the “Defendants”).

After reviewing Plaintiffs’ Verified Application, the pleadings, the evidence, and the arguments of counsel, the Court FINDS as follows:

1. Probable Right to Relief

Plaintiffs have demonstrated a probable right to recovery on legally cognizable claims that the challenged rules adopted and to be enforced by Defendants exceed the authority delegated by the Texas Legislature, conflict with Texas Health & Safety Code Chapter 443 and related statutes, were adopted in violation of the Texas Administrative Procedure Act and the Texas Constitution.

The evidence shows that, although the rules preserve the statutory definition of hemp in form, they substitute a non-statutory compliance framework in operation by requiring compliance with a “total delta-9 THC” or “acceptable hemp THC level” standard that differs from the delta-9 THC concentration threshold enacted by the Legislature.

These rules, therefore, effect a substantive change in the governing law through rulemaking rather than implementing the statute as written.

2. Probable, Imminent, and Irreparable Injury

Plaintiffs have demonstrated that they will suffer probable, imminent, and irreparable injury if Defendants are not immediately restrained.

The evidence shows that the challenged rules impose immediate and ongoing compliance obligations that materially alter Plaintiffs' existing business operations, including testing, manufacturing, transport, distribution, and retail practices.

The evidence further shows that enforcement of the challenged rules will:

- prevent manufacturers from obtaining hemp plants and hemp-derived inputs necessary for continued in-state production by prohibiting transport of materials into Texas for further processing;
- force Plaintiffs either to cease lawful operations within Texas or to relocate operations outside the state;
- subject Plaintiffs to immediate risk of enforcement actions, including product embargo or detention, escalating administrative penalties, license or registration suspension or revocation, and civil enforcement actions; and
- require Plaintiffs to pay substantial licensing and registration fees that are not authorized by statute and impose significant financial burdens as a condition of continuing lawful operations.

These injuries include immediate and significant economic harm, disruption of ongoing business operations, loss of customer relationships, damage to goodwill, and interference with established supply chains, all of which are difficult or impossible to quantify and cannot be adequately remedied by money damages.

3. No Adequate Remedy at Law

Plaintiffs have no adequate remedy at law because the injuries described above are ongoing, irreparable, and not susceptible to calculation or compensation through monetary damages.

4. Preservation of the *Status Quo*

The relief granted herein is necessary to preserve the *status quo* pending a hearing on Plaintiffs' request for temporary injunction.

The *status quo* to be preserved is the last, actual, peaceable, non-contested status preceding the March 31, 2026 effective date of the challenged rules, under which Plaintiffs conducted lawful operations pursuant to the statutory framework established by the Texas Legislature in Chapter 443.

5. Scope of Harm and Necessity of Relief

The Court further finds that Plaintiffs operate within a statewide industry of processors, manufacturers, distributors, and retail sellers of consumable hemp products, and that the challenged rules operate across that entire framework.

As a result, limiting relief to the named Plaintiffs would not prevent the injuries described above, because the challenged rules would continue to cause disruption throughout the market in which Plaintiffs must function. Effective relief, therefore, requires that Defendants be restrained, on a prospective basis, from implementing or enforcing the challenged regulatory framework against the named Plaintiffs and all similarly situated businesses operating in the Texas hemp industry.

6. Balance of Equities

The balance of equities weighs in favor of granting temporary relief. Absent injunctive relief, Plaintiffs and other businesses operating in the Texas hemp industry will suffer immediate and irreparable harm to their businesses and legal rights. By contrast, temporarily restraining enforcement of rules that likely exceed statutory authority and are unlawful under the Texas Constitution and Texas Administrative Procedure Act imposes no cognizable harm on Defendants.

7. Public Interest

The public interest is served by preserving a stable and lawful regulatory framework and by ensuring that administrative agencies act within the authority delegated by the Legislature. Maintaining the statutory framework enacted by the Legislature while the legality of the challenged rules is determined promotes regulatory certainty, protects lawful business activity, and upholds the constitutional separation of powers.

Plaintiffs have also demonstrated a broader harm to consumers of their products in the absence of a temporary restraining order. Consumers statewide utilize these naturally-derived hemp products for wellness, including the relief of chronic pain, sleep disorders, PTSD, anxiety, nausea associated with cancer treatment, and as means to avoid the use of alcohol or chemical drugs. Many of the consumers are military veterans and members of the service community. If these products are not lawfully available on the market, consumers are likely to turn to less safe or illicit alternatives.

Plaintiffs have also demonstrated that the hemp industry in Texas has a significant, positive economic impact on state tax revenues and wages and employment. In the absence of a temporary restraining order, not only will the Plaintiffs suffer economic harm but the State of Texas will suffer a broader economic loss.

8. Immediate and Irreparable Injury Before Notice

The Court further finds that immediate and irreparable injury will result before notice can be served and a hearing can be held unless Defendants are immediately restrained, because the challenged rules are presently in effect and impose ongoing compliance obligations and enforcement risks on Plaintiffs.

These findings support the issuance of immediate temporary injunctive relief.

IT IS THEREFORE ORDERED that Defendants, and all of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order, are, effectively immediately and without further notice, TEMPORARILY RESTRAINED as follows:

1. Core Compliance Framework

Defendants are restrained from implementing, applying, or enforcing any portion of the challenged rules that conditions the manufacture, testing, transport, distribution, or sale of consumable hemp products on compliance with a “total delta-9 THC” or “acceptable hemp THC level” standard, rather than the 0.3% dry weight basis delta-9 tetrahydrocannabinol concentration threshold enacted by the Texas Legislature, including but not limited to the provisions identified below.

2. Definitions and Embedded Compliance Standards

Defendants are restrained from enforcing 25 T.A.C. §§ 300.101(1) and 300.101(45), to the extent those provisions define or implement a non-statutory THC compliance framework, including the use of a total-delta-9 THC metric that converts THCA into delta-9 THC equivalents.

3. Testing and Commercialization Provisions

Defendants are restrained from enforcing 25 T.A.C. §§ 300.301–300.303, to the extent those provisions:

- require compliance with a total-delta-9 THC standard as a condition of manufacture, distribution, or sale; or
- otherwise substitute a non-statutory THC compliance metric for the statutory delta-9 THC concentration standard.

4. Transport and Manufacturing Restrictions

Defendants are restrained from enforcing 25 T.A.C. §§ 300.206(c) and 300.404, and any related provisions, to the extent they:

- prohibit or restrict the transport of hemp plants and hemp-derived materials into Texas for further processing; or
- condition such transport on compliance with a non-statutory THC metric.

5. Licensing and Registration Fees

Defendants are restrained from assessing, collecting, or enforcing the increased licensing and registration fees imposed by:

- 25 T.A.C. § 300.202(c), including subsections (c)(1), (c)(2)(A), and (c)(4); and
- 25 T.A.C. § 300.502(g), including subsections (g)(1) and (g)(2),

including any fees for facility licensing, ownership changes, renewals, or delinquency, to the extent such fees exceed statutory authority or are not reasonably related to regulatory costs.

6. Penalties and Enforcement Mechanisms

Defendants are restrained from enforcing 25 T.A.C. § 300.601(b), and any related provisions, to the extent they:

- impose cumulative or daily penalties based on alleged violations of the challenged rules in a manner that conflicts with statutory notice-and-cure protections; or
- authorize enforcement mechanisms dependent on the non-statutory THC compliance framework.

7. Administrative and Civil Enforcement

Defendants are restrained from initiating, maintaining, or pursuing any administrative or civil enforcement actions, including:

- administrative penalties,
- product embargoes or detentions,
- license or registration suspension or revocation, and
- civil enforcement actions by the Attorney General

to the extent such actions are based on the challenged rule provisions identified above.

8. Scope of Relief

This Temporary Restraining Order operates *in personam* against Defendants and those acting in concert with them. The relief granted herein applies to enforcement of the challenged regulatory framework and is not limited to enforcement actions against the named Plaintiffs, as necessary to preserve the status quo and provide effective relief. The relief granted herein is narrowly tailored to restrain only those provisions and enforcement actions that exceed statutory authority or otherwise conflict with or are in violation of governing law.

This Order does not enjoin enforcement of statutory provisions or rule provisions not challenged in Plaintiffs' Application.

IT IS FURTHER ORDERED that a hearing on Plaintiffs' Application for Temporary Injunction is set for: _____ o'clock __.m. on _____, 2026 in the _____ Judicial District Court of Travis County, Texas.

IT IS FURTHER ORDERED that Plaintiffs shall post a bond in the amount of \$_____.

This Temporary Restraining Order shall expire fourteen (14) days from the date of signing unless extended by agreement of the parties or further order of this Court.

SIGNED on _____ 2026.

JUDGE PRESIDING

Exhibit 2

Proposed Temporary Injunction

CAUSE NO. _____

TEXAS HEMP BUSINESS COUNCIL;
HEMP INDUSTRY & FARMERS OF
AMERICA; ALCHEMY TX
CONSULTING, LLC; A TO Z
IVESTMENTS AND WHOLESALE,
LLC; CPRT AND COMPANY, LLC dba
SERENITY ORGANICS; TEXAS
GREEN CRAFT, LLC aka TEXAKANA
ORGANICS; ELEVATE ONE TX, LLC
dba ELEVATE WELLNESS
DISPENSARY; CLUTCH CITY GAS
LLC dba TEXAS HIGH COUNCIL;
SALGANIK SERVICES, INC.; and
WYATT PURP LLC,

Plaintiffs,

v.

TEXAS DEPARTMENT OF
STATE HEALTH SERVICES,
JENNIFER SHUFORD, in her official
capacity as Commissioner of
DSHS, TEXAS HEALTH AND
HUMAN SERVICES COMMISSION,
STEPHANIE MUTH, in her official
capacity as Executive Commissioner of
HHSC, and WARREN KENNETH
PAXTON JR., in his official capacity as
the Attorney General of Texas,

Defendants.

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

____JUDICIAL DISTRICT

ORDER GRANTING TEMPORARY INJUNCTION

On this day, the Court considered the Verified Application for Temporary Injunction requested by Plaintiffs Texas Hemp Business Council (“THBC”), Hemp Industry & Farmers of America (“HIFA”), Alchemy TX Consulting, LLC (“Alchemy”), A To Z Investments and Wholesale, LLC operating under the assumed name Burners – Vape, Smoke, and Herb

(“Burners”), CPRT and Company, LLC dba Serenity Organics – Your CBD Apothecary (“Serenity Organics”), Texas Green Craft, LLC aka TexaKana Organics (“TexaKana”), Elevate One TX, LLC dba Elevate Wellness Dispensary; Clutch City Gas LLC dba Texas High Council; Salganik Services, Inc.; and, Wyatt Purp LLC (collectively, “Plaintiffs”). Having considered the pleadings, evidence, arguments of counsel, and applicable law, the Court finds the application should be **GRANTED**.

I. FINDINGS

The Court finds as follows:

1. The Court has subject-matter jurisdiction over this action pursuant to Texas Government Code § 2001.038, which authorizes suits to determine the validity or applicability of an agency rule when its application interferes with or impairs a plaintiff’s legal rights and waives sovereign immunity for such claims. The Court also has jurisdiction to grant prospective declaratory and injunctive relief to restrain ultra vires conduct by state officials acting without legal authority or in conflict with governing statutes. *See City of El Paso v. Heinrich*, 284 S.W.3d 366, 372–76 (Tex. 2009); *Hensley v. State Comm’n on Judicial Conduct*, 692 S.W.3d 184, 205 (Tex. 2024). The Court further has jurisdiction over Plaintiffs’ constitutional claims under Article V, § 8 of the Texas Constitution.

A. Probable Right to Relief

2. Plaintiffs have established a probable right to relief on the merits of their claims, which are legally cognizable under governing Texas law. The Court finds that the challenged provisions of 25 T.A.C. Chapter 300 likely exceed the authority delegated to Defendants, conflict with governing statutes, and were adopted in violation of the Texas Administrative Procedure Act and the Texas Constitution.

3. First, Plaintiffs have demonstrated a probable right to relief on their ultra vires

claims. The evidence shows that, although the rules retain the statutory definition of hemp in form, they substitute a different compliance standard in operation by requiring compliance with a “total delta-9 THC” or “acceptable hemp THC level” metric that differs from the 0.3% dry weight basis delta-9 tetrahydrocannabinol concentration standard utilized by the Legislature for compliance provisions throughout Texas Health and Safety Code Chapter 443. The rules further apply that non-statutory metric to restrict the manufacture, processing, transport, distribution, and retail sale of consumable hemp products, and to prohibit the transport of hemp plants and plant material intended for further processing. The Court finds that Plaintiffs have shown a substantial likelihood that these provisions do not implement Chapter 443 as written, but instead replace the Legislature’s chosen compliance standard, in excess of Defendants’ statutory authority under Tex. Health & Safety Code § 443.051.

4. Second, Plaintiffs have demonstrated a probable right to relief on their claims that the challenged fee provisions exceed statutory authority and are constitutionally invalid. The evidence shows that the rules impose dramatically increased licensing, registration, ownership-change, and delinquency fees that bear no demonstrated relationship to the costs of administering and enforcing the regulatory program. The Court finds that Plaintiffs have shown a substantial likelihood that these provisions exceed the limited statutory authorization to adopt reasonable fees necessary to implement Chapter 443 and operate as unauthorized revenue-raising measures in violation of Tex. Health & Safety Code § 443.2025 and Tex. Const. art. VIII, § 1(c).

5. Third, Plaintiffs have demonstrated a probable right to relief on their claims that the challenged enforcement provisions conflict with statutory requirements and constitutional protections. The rules provide that each day a violation continues constitutes a separate violation for purposes of administrative penalties. The Court finds that Plaintiffs have shown a substantial

likelihood that this penalty framework conflicts with the Legislature's requirement that retailers receive notice and an opportunity to cure unintentional or negligent violations under Tex. Health & Safety Code § 443.201(b), and that, in conjunction with the expanded scope of regulated conduct, exposes regulated entities to cumulative and potentially disproportionate penalties. The Court further finds that Plaintiffs have shown a substantial likelihood that this penalty framework, in combination with the scope of regulated conduct, implicates the constitutional protections against excessive fines and violations of due course of law under Tex. Const. art. I, §§ 13 and 19.

6. Fourth, Plaintiffs have demonstrated a probable right to relief on their claims that the challenged rules were adopted in violation of mandatory procedural requirements of the Texas Administrative Procedure Act. The evidence shows that Defendants acknowledged that the rules would have significant economic effects, including adverse impacts on small businesses, but did not prepare the local employment impact statement required by Tex. Gov't Code § 2001.022. The Court further finds that Plaintiffs have shown a substantial likelihood that Defendants failed to meaningfully consider less burdensome alternatives as required by Tex. Gov't Code § 2006.002(c), and failed to provide a reasoned justification and fair response to comments raising significant statutory objections as required by Tex. Gov't Code § 2001.033. These procedural deficiencies provide an independent basis supporting Plaintiffs' probable right to relief.

7. Based on the foregoing, the Court finds that Plaintiffs have satisfied their burden to demonstrate a probable right to recovery on the merits of their claims.

B. Probable, Imminent, and Irreparable Injury

8. Plaintiffs have demonstrated a probable, imminent, and irreparable injury in the absence of injunctive relief. The Court finds that the challenged rules are currently in effect and impose immediate compliance obligations that materially alter the legal standards governing Plaintiffs' ongoing business operations.

9. The evidence shows that the challenged provisions require Plaintiffs to conform their manufacturing, testing, sourcing, transport, distribution, and retail practices to a non-statutory regulatory framework as a condition of continuing lawful operations. In particular, the rules require compliance with a “total delta-9 THC” or “acceptable hemp THC level” metric that differs from the statutory standard enacted by the Legislature. The Court finds that Plaintiffs have shown that compliance with this framework will require immediate and substantial changes to existing operations, including the removal or reformulation of products, modification of testing protocols, restructuring of supply chains, and will result in significant economic harm, and increased administrative and operational burdens.

10. The Court further finds that the challenged transport and testing provisions operate together to prevent manufacturers from obtaining and using hemp plants and plant material necessary for production within Texas. By conditioning both the transport of inputs and the legality of finished products on a non-statutory compliance metric, the rules substantially foreclose the ordinary pathway by which hemp is processed into consumable products under the statutory framework. The evidence shows that, as a result, manufacturing Plaintiffs are forced either to cease in-state manufacturing operations or to relocate those operations outside Texas, and retail Plaintiffs dependent on those manufacturers will suffer significant supply chain disruption, resulting in economic harms to both.

11. The Court also finds that the challenged fee provisions impose immediate and substantial financial burdens as a condition of continuing lawful participation in the market. These fees are required for licensure, registration, renewal, and ownership changes, and must be paid to avoid loss of the ability to operate. The evidence shows that these costs are significant and ongoing, and cannot be recovered through damages in light of sovereign immunity.

12. The Court further finds that Plaintiffs face an immediate risk of enforcement under the challenged rules, including administrative penalties, product detention or embargo, license or registration suspension or revocation, and civil enforcement actions. The rules provide for escalating penalties, including daily accrual of violations, which magnify the consequences of alleged noncompliance. Plaintiffs are therefore required to choose between incurring substantial compliance costs and altering lawful business practices, or continuing operations under the threat of enforcement based on rules that are likely invalid.

13. Based on the foregoing, the Court finds that Plaintiffs have established a probable, imminent, and irreparable injury in the absence of injunctive relief.

C. No Adequate Remedy at Law

14. The Court finds that Plaintiffs have no adequate remedy at law. The injuries described above are not readily susceptible to calculation or compensation through monetary damages. The challenged rules require immediate and ongoing changes to Plaintiffs' business operations, including restructuring of supply chains, alteration of product lines, and modification of compliance systems. The resulting harms—such as loss of market access, disruption of established business relationships, and impairment of goodwill—are inherently difficult to quantify and cannot be fully remedied by an award of damages.

15. The Court further finds that Plaintiffs face ongoing compliance costs and financial burdens imposed as a condition of continuing lawful operations, including licensing and registration fees and other regulatory expenses. Such costs, once incurred, are not recoverable from Defendants due to sovereign immunity and therefore cannot be remedied through a legal action for damages.

16. In addition, Plaintiffs are subject to a credible threat of enforcement under the challenged rules, including administrative penalties, product embargo, and license or registration

suspension or revocation. The Court finds that requiring Plaintiffs to incur such penalties or to cease lawful operations in order to seek post-enforcement relief does not constitute an adequate remedy at law.

17. The Court also finds that Plaintiffs seek to vindicate statutory and constitutional limitations on Defendants' authority. The loss of such rights, even for a limited period of time, constitutes irreparable harm that cannot be adequately remedied through monetary relief.

18. Based on the foregoing, the Court finds that Plaintiffs lack an adequate remedy at law.

D. Preservation of Status Quo

19. The Court finds that the purpose of a temporary injunction is to preserve the last, actual, peaceable, non-contested status that preceded the controversy. The Court further finds that the relevant status quo is the regulatory framework established by the Texas Legislature in Texas Health and Safety Code Chapter 443, under which Plaintiffs operated prior to the March 31, 2026 effective date of the challenged rules.

20. The challenged provisions materially alter that framework by imposing a non-statutory compliance standard and additional regulatory burdens not previously in effect. The relief granted herein preserves the status quo by maintaining the statutory regulatory scheme while the validity of the challenged rules is adjudicated.

E. Balance of Equities

21. The Court finds that the balance of equities weighs in favor of granting injunctive relief. Absent an injunction, Plaintiffs will suffer immediate and ongoing harm to their business operations, legal rights, and economic interests, as described above. These harms include disruption of established supply chains, loss of market access, impairment of goodwill and customer relationships, and the risk of significant compliance costs and enforcement consequences

under rules that Plaintiffs have shown are likely invalid.

22. By contrast, temporarily enjoining enforcement of the challenged provisions will not result in cognizable harm to Defendants. The relief granted herein preserves the regulatory framework established by the Legislature in Texas Health and Safety Code Chapter 443 while the legality of the challenged rules is adjudicated. The Court finds that Defendants retain the ability to enforce statutory requirements and rule provisions that are not challenged in this action, including those directed at consumer protection and public safety within the scope of their delegated authority.

23. The Court further finds that the requested relief is narrowly tailored to restrain only those provisions that Plaintiffs have shown are likely to exceed statutory authority, conflict with governing law, or were adopted in violation of required procedures. Maintaining the status quo pending final adjudication prevents the imposition of regulatory requirements that are likely unlawful, while preserving Defendants' ability to carry out their statutory duties.

24. Based on the foregoing, the Court finds that the balance of equities favors the issuance of a temporary injunction.

F. Public Interest

25. The Court finds that the public interest is served by the issuance of a temporary injunction. The public has a substantial interest in preserving a stable and lawful regulatory framework and by ensuring that administrative agencies act within the limits of authority delegated by the Legislature and in accordance with the Texas Constitution and the Texas Administrative Procedure Act. Enjoining enforcement of rules that are likely to exceed statutory authority or were adopted in violation of governing statutes and the Texas Constitution promotes lawful governance, preserves the integrity of the administrative process, promotes regulatory certainty, protects lawful business activity, and upholds the constitutional separation of powers.

26. The Court further finds that maintaining the statutory regulatory framework enacted by the Legislature promotes stability and predictability in the regulation of consumable hemp products. The challenged rules impose a regulatory framework that materially departs from that statutory scheme and alters the legal standards governing an existing, regulated market. Preserving the Legislature's framework while the validity of the challenged rules is adjudicated serves the public interest in consistent and reliable application of the law.

27. The Court also finds that the relief granted herein does not impair the State's ability to enforce statutory requirements or rule provisions that fall within Defendants' delegated authority, including those directed at consumer protection and public safety. Rather, the injunction is limited to provisions that Plaintiffs have shown are likely unlawful, and therefore ensures that regulatory authority is exercised in a manner consistent with governing law.

28. The Court further finds that broader harm to consumers of the Plaintiffs' products will result in the absence of a temporary injunction. Consumers statewide utilize these naturally-derived hemp products for wellness, including the relief of chronic pain, sleep disorders, PTSD, anxiety, nausea associated with cancer treatment, and as means to avoid the use of alcohol or chemical drugs. Many of the consumers are military veterans and members of the service community. If these products are not lawfully available on the market, consumers are likely to turn to less safe or illicit alternatives.

29. The Court further finds that the hemp industry in Texas has a significant, positive economic impact on state tax revenues and wages and employment. In the absence of a temporary injunction, not only will the Plaintiffs suffer economic harm but the State of Texas will suffer a broader economic loss.

30. Based on the foregoing, the Court finds that the public interest favors the issuance

of a temporary injunction.

II. ORDER

IT IS THEREFORE ORDERED that Defendants, their officers, agents, servants, employees, and all persons acting in concert with them are TEMPORARILY ENJOINED as follows:

A. Total Delta-9 THC Compliance Framework

Defendants are ENJOINED from enforcing or giving effect to 25 T.A.C. §§ 300.101(1), 300.101(45), 300.301–300.303, 300.206(c), and 300.404 insofar as those provisions require compliance with a “total delta-9 THC” or “acceptable hemp THC level” metric, rather than the delta-9 tetrahydrocannabinol concentration standard established by the Legislature, as a condition of the manufacture, testing, processing, transport, distribution, possession, or sale of consumable hemp products.

B. Transport and Manufacturing Restrictions

Defendants are ENJOINED from enforcing or giving effect to 25 T.A.C. §§ 300.206(c) and 300.404 to prohibit or restrict the transport into Texas of hemp plants, hemp, or hemp-derived materials intended for further processing into consumable hemp products, including by conditioning such transport on compliance with a non-statutory THC metric.

C. Fee Provisions

Defendants are ENJOINED from enforcing or giving effect to 25 T.A.C. § 300.202(c), including subsections (c)(1), (c)(2)(A), and (c)(4), and 25 T.A.C. § 300.502(g), including subsections (g)(1) and (g)(2), including by assessing, collecting, or requiring payment of the increased licensing, registration, ownership-change, and delinquency fees imposed by those provisions.

D. Penalty Framework

Defendants are ENJOINED from enforcing or giving effect to 25 T.A.C. § 300.601(b), including by treating each day a violation continues as a separate violation for purposes of administrative penalties, where such penalties are based on:

- a. Compliance with a non-statutory THC metric; or
- b. Conduct subject to the notice-and-cure protections required by Tex. Health & Safety Code § 443.201(b).

E. Administrative and Civil Enforcement

Defendants are ENJOINED from initiating, maintaining, or pursuing administrative or civil enforcement actions, including administrative penalties, product embargoes or detentions, license or registration suspension or revocation, or civil enforcement actions by the Attorney General, where such actions are based on or predicated upon the provisions enjoined above.

F. Scope of Relief

This injunction operates in personam against Defendants and those acting in concert with them. The relief granted herein applies to implementation or enforcement of the challenged rules against the named Plaintiffs and similarly situated businesses operating in the Texas consumable hemp industry to the extent necessary to provide complete and effective relief to the named plaintiffs, because (i) the challenged rules operate uniformly across the statewide regulatory framework governing consumable hemp products, (ii) the injuries resulting from facial statutory and constitutional violations are invisible, (iii) the harms suffered by the named Plaintiffs and other businesses in the Texas hemp industry are uniform, and (iv) limiting the scope of the injunction to only the named Plaintiffs would result in a multiplicity of suits.

This Order is narrowly tailored to enjoin only those provisions and enforcement actions that exceed statutory authority, conflict with governing law, or were adopted in violation of the

Texas Constitution, the Administrative Procedure Act, or required procedures, and does not enjoin enforcement of statutory provisions or rule provisions not challenged in this action.

III. BOND

The Court set Plaintiffs' bond in the amount of \$_____.

IV. SETTING

This temporary injunction shall stay in effect until the conclusion of the final trial of this case or further notice of the Court.

Final trial on the merits of this case is set for _____, _____.

V. NOTICE OF WRIT

Actual notice of this Temporary Injunction shall be made by personal service on Defendants, which shall include Defendants' officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them, in accordance with the Texas Rules of Civil Procedure.

VI. EXECUTION OF WRIT

The Court hereby orders the Clerk of the Court to immediately issue the Writ of Injunction, styled in the name of the State of Texas, and further in compliance with all requirements of Texas Rules of Civil Procedure 687 and 688, to be served and returned in compliance with Rule 689.

SIGNED on _____ 2026.

JUDGE PRESIDING

Exhibit 3

Final Rules Adopted,
Texas Register March 20, 2026

(i) The specific criteria and calculations used in the annual RDA manual adopted for prior school years remain in effect for all purposes, including accountability and performance monitoring, data standards, and audits, with respect to those school years.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 9, 2026.

TRD-202601132

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Effective date: March 29, 2026

Proposal publication date: December 12, 2025

For further information, please call: (512) 475-1497



TITLE 22. EXAMINING BOARDS

PART 11. TEXAS BOARD OF NURSING

CHAPTER 213. PRACTICE AND PROCEDURE

22 TAC §213.13

Introduction. The Texas Board of Nursing (Board) adopts amendments to 22 Texas Administrative Code §213.13, relating to Complaint Investigation and Disposition, without changes to the proposed text as published in the December 19, 2025 edition of the *Texas Register* (50 TexReg 8153). The rule will not be republished.

Reasoned Justification. The adopted amendments are necessary to align §213.13 with applicable statutory requirements and to ensure that the rule accurately reflects current agency practices related to complaint intake, investigation, and notification. An internal audit conducted in conjunction with the Board's enforcement department identified provisions of the rule that were outdated or inconsistent with current procedures. The amendments address those findings.

The amendments update the complaint submission provisions to reflect the Board's existing intake processes, including submission in writing or through the agency's online complaint portal, and clarify the information required to initiate an investigation. The amendments remove certain information requirements that may not be reasonably available to complainants and that are not necessary at the initial intake stage. The complaint priority system is also amended to reflect current operational practice. The adopted amendments further clarify investigative timeline and notification requirements to ensure consistency with Texas Occupations Code §§301.204 and 301.457. Finally, the amendments remove language requiring a criminal background check at the preliminary stage of an investigation to accurately reflect current procedure. Criminal background checks remain part of agency practice but are not conducted during the initial intake phase.

Section-by-Section Overview. The adopted amendments revise subsection (a) to consolidate complaint submission requirements and clarify the information collected to initiate or conduct an investigation.

Subsection (b) is amended to retain the currently used complaint priority levels and remove the unused Priority 4 category.

Subsection (c) clarifies that, not later than the 30th day after receipt of a complaint, staff must complete a preliminary investigation to determine the identity of the person named or described in the complaint, if necessary, and to assign complaint priority scheduling, which establishes the projected timeline for case completion.

Subsection (d) clarifies notification requirements consistent with Texas Occupations Code §§301.204 and 301.457, including documentation and communication of projected investigative timelines and any subsequent changes. The reference to §301.457 preserves the Board's statutory authority to withhold notice to a licensee when providing such notice would jeopardize an investigation.

Subsections (e) and (f) remove obsolete language and clarify when an investigation is considered complete and when summary data must be provided to the Executive Director for cases extending beyond established timelines.

Public Comment. No comments were received.

Statutory Authority. These amendments are adopted under the authority of Texas Occupations Code §§301.151 and 301.204. Section 301.151 authorizes the Board to adopt and enforce rules necessary to perform its duties, regulate the practice of professional and vocational nursing, and conduct proceedings before the Board. Section 301.204 requires the Board to adopt rules, policies, and procedures governing the investigation and disposition of complaints. In relevant part, §301.204 requires the Board to distinguish between categories of complaints; establish a schedule for each phase of a complaint not later than the 30th day after receipt; notify parties of projected time requirements and any changes to those timelines; and receive notification of complaints that remain unresolved beyond prescribed timeframes.

Cross Reference to Statute. The following statutes are affected by this adoption: Texas Occupations Code §§301.151, 301.204, and 301.457.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 9, 2026.

TRD-202601125

James W. Johnston

General Counsel

Texas Board of Nursing

Effective date: March 29, 2026

Proposal publication date: December 19, 2025

For further information, please call: (512) 305-6879



TITLE 25. HEALTH SERVICES

PART 1. DEPARTMENT OF STATE HEALTH SERVICES

CHAPTER 300. MANUFACTURE, DISTRIBUTION, AND RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

The executive commissioner of the Texas Health and Human Services Commission (HHSC), on behalf of the Department of State Health Services (DSHS or department), adopts the amendments to §§300.100 - 300.103, 300.201 - 300.203, 300.301 - 300.303, 300.402 - 300.404, 300.501, 300.502, 300.601 - 300.606; and new §§300.204 - 300.208, 300.405 - 300.407, 300.701, and 300.702, concerning Manufacture, Distribution, and Retail Sale of Consumable Hemp Products.

Sections 300.100, 300.102, 300.206, 300.404, 300.407, 300.602, 300.604, 300.605, and 300.702, are adopted without changes to the proposed text as published in the December 26, 2025, issue of the *Texas Register* (50 TexReg 8486). These rules will not be republished.

Sections 300.101, 300.103, 300.201 - 300.205, 300.207, 300.208, 300.301 - 300.303, 300.402, 300.403, 300.405, 300.406, 300.501, 300.502, 300.601, 300.603, 300.606, and 300.701 are adopted with changes to the proposed text as published in the December 26, 2025, issue of the *Texas Register* (50 TexReg 8486). These rules will be republished.

BACKGROUND AND JUSTIFICATION

The amendments are necessary to comply with Executive Order GA-56. House Bill (HB) 1325 (86th Legislature, Regular Session, 2019) established Texas Health and Safety Code (HSC) Chapter 443 for the Manufacture, Distribution, and Sale of Consumable Hemp Products (CHPs). The resulting rules to implement HSC 443 are at 25 Texas Administrative Code (TAC) Chapter 300 and became effective on August 2, 2020.

On September 10, 2025, Governor Greg Abbott issued Executive Order GA-56, directing the department to amend the rules to prohibit the sale of CHPs to minors, to add age verification requirements, to update testing requirements, and to update record keeping requirements.

The adopted rules increase the initial and annual renewal licensing fees for consumable hemp manufacturers to \$10,000 per facility, and the annual registration fees for retailers to \$5,000 per location. The adopted rules add a written consent requirement for Texas Alcoholic Beverage Commission (TABC) to enter the premises to conduct a physical inspection for both manufacturers and retail hemp registrants. The adopted rules also include tetrahydrocannabinol acid (THCA) in the definition of total delta-9 tetrahydrocannabinol (THC) and in the definition of acceptable hemp THC level. The adopted rules update testing, packaging, labeling, and record-keeping requirements.

COMMENTS

The 31-day comment period ended January 26, 2026.

During this period, DSHS received comments regarding the proposed rules from 1,421 commenters. DSHS received comments from Alcohol and Drug Awareness for the Alcohol & Drug for the Concho Valley (ADACCV), GREENT Club, Good Spirits Beverages, Treehouse Dispensary, American Pharmacies, Delta Bros-Twisted Liquors, Cheech and Chong's Apothecaria West Frisco, the Banks Law Firm, LVLX Wellness LLC, Cannabis Retailers Alliance for Texas (CRAFT), Smokin Glassworks, The Happy Cactus, United Wholesale, Price-Catch, American Shaman, Texas Food & Fuel Association, C

Good Staging LLC, Elevated, The CannaShack Co., Pinnacle Essentials, Sunmed CBD, Haus of Jayne, Reggie and Dro, ZAR, A to Z Investments and Wholesale LLC, CannaWise Co., 4K Pharm LLC, PrimeOne Sourcing LLC, Royal Habash LLC, C Better Days Inc, UFORIQ, Restart, Texas Hemp Coalition, Compliance Pros LLC, Hemp Industry and Farmers of America, Chubby's Green, Sacred Leaf, Sublingwell LLC, Happy Clouds, CBD Temptations, Frontline Farms CBD, Coastal Wellness and Gifts, Discount Pharms, 24hr Bud Delivery LLC, American Hemp Co/American Weed Co, Califlower Garden, Medanature LLC, East Texas Hemp Company LLC, American Trade Association for Cannabis and Hemp, Eureka Heights Brewing Co., High Tides LLC, HRD Investment LLC, Lonestar HempWorks, Cresent Canna, Blum Reserve Co, Wild Revival, Green Haus Wellness, Bullfrog Botanicals, Dope Daiquiris, the Green Hit Smoke Shop, DRMZ Brands, SMB Nation, Treeline, Delta Vine, Hummingbird Hemp, The Puebla Group, The Healing Herb, Healing Herbal LLC, Rebel Chef, San Antonio Council on Alcohol and Drug Awareness (SACADA), Hill Country Council on Alcohol and Drug Abuse (HCCADA), Texans for a Safe and Drug Free Youth, Reach Council, Ninja Consultation Group TTX LLC dba Habit Crafted, Rolling & CO Smoke CBD & Vapes, Elevated CBD & Smoke, Austinite Cannabis Co, Ropeace CBD Vape Smoke, Habit CBD, Bahama Mama, Farm Road Wellness, Texas Hemp and Honey, Wyatt Purp, Texas Hemp Business Council (THBC), Smoking Valley LLC, CBD American Shaman East McKinney, Hemp Beverage Alliance, Not Beer, Delta Bros, Waco CBD American Shaman, The Pink Cloud LLC, Eureka Chill LLC, Oak Cliff Cultivators and Ease Up, Texas Package Stores Association, Vitam, The Texas Cannabis Collective, 1937 Apothecary LLC & Custom Botanical Dispensary, Law Office of Susan Hays, High 9ine LLC, The Law Office of Jeffery W. Wells, Fire Holistics LLC, Elevated Stash, Pops Smoke and Vapor, Delta 8 Delton, Serenity Organics, Citizens for a Safe and Healthy Texas, Pheonix House, Jota Living, Total Wine, Jollypop Vape Shop, Bayou City Hemp Company Inc, SBT Law, THC Provisions LLC, MedCanna Ventures LLC dba Happy Hemp Co, Grateful Greens LLC DBA Morning Dew Farms, The Canna Busters, Third Coast Wellness LLC, Willie's Remedy, Solid Foundations, Concho Valley C.A.R.E.S Coalition-Community Coalitions Partnership (CCP), Hopes Family FDN, Fyr Flower, The Vapor Bar, MNG 2005 Inc, Victory Pluz, Mighty Distro, True Life Spirits, North Canna, True Hemp Science, Uniwyze Inc, The Concord, Levotic, VaporScape, Texas Cannabis Policy Center, CBD American Shaman, Public Health Texas Medical Association, ECL Testing, Hill Country Pregnancy Care Center, Oasis Farms, Texas Original, and 1,280 individuals. A summary of comments relating to the rules and DSHS's responses follow.

Comment: Multiple commenters oppose §300.404, which states the restrictions for bulk raw hemp material, isolates, or distillates that have a total delta-9 THC content exceeding THC limits. Commenters argue that imposing restrictions violate Texas Agriculture Code §122.356, which allows transport of hemp plant material in this state if it is produced in compliance with a state or tribal plan approved by the United States Department of Agriculture under 7 United States Code (U.S.C.) §1639p.

Response: DSHS disagrees and declines to revise the proposed rule in response to this comment. DSHS is aware that THC fluctuates during the extraction process, and the extractor must ensure the final extracted product is under 0.3 percent delta-9 THC. Section 300.206 and HSC §443.152 total THC limits apply to products distributed and sold at retail, otherwise introduced into commerce, and transported into Texas for further processing.

HSC Chapter 481, Texas Controlled Substances Act, applies to products that meet the definition of a controlled substance. DSHS does not have the authority to permit products in excess of statutory limitations.

Comment: Most commenters oppose the proposed fees for consumable hemp manufacturers and retailers.

Response: DSHS agrees with this comment. DSHS revised §§300.202(c)(1), 300.202(c)(2)(A), and proposed 300.502(f)(1) (renumbered to subsection (g)(1)) to set the fee for a manufacturer's license at \$10,000 per facility per year, and a retailer's registration at \$5,000 per location per year. HSC §12.0111 authorizes DSHS to collect licensing fees to recover direct and indirect costs of administering and enforcing the program. To set these fees, DSHS made estimates of the costs necessary to support regular inspection of manufacturers and retailers, including inspector salaries and travel, laboratory testing costs, related legal and State Office of Administrative Hearing costs for resulting compliance actions, and assistance from the TABC and the Texas Department of Public Safety (DPS) per Executive Order GA-56. DSHS will reevaluate licensing fees periodically to ensure fees do not exceed the amount required to administer the program.

Comment: Most commenters oppose a ban on hemp.

Response: DSHS disagrees and declines to revise the rule in response to this comment. HB 1325 requires DSHS to develop rules regulating the manufacture, distribution, and sale of CHPs. The rules comply with Executive Order GA-56.

Comment: Most commenters oppose a ban on THCA flower.

Response: DSHS disagrees and declines to revise the rule in response to this comment. HB 1325 requires DSHS to develop rules regulating the manufacture, distribution, and sale of CHPs. The rules comply with Executive Order GA-56.

Comment: Multiple commenters suggested raising taxes on cannabis dispensaries.

Response: DSHS considers these comments outside the scope of rulemaking for this chapter.

Comment: Multiple commenters suggested revising the age limit to purchase CHPs to 25 years old.

Response: DSHS disagrees and declines to revise the rule in response to this comment. Executive Order GA-56 directed DSHS to set the age limit to 21 years of age.

Comment: Multiple commenters suggested restricting access to a hemp establishment if a person is less than 21 or 25 years old.

Response: DSHS disagrees and declines to revise the rule in response to this comment. Many retailers covered by these regulations offer a variety of non-hemp products and deliver numerous services unrelated to CHPs. Restricting access to their premises as proposed would likely cause substantial economic harm to these businesses and impose potential restrictions on consumers under the age of 21 or 25. Retailers are already required to verify the customer is at least 21 years old before completing any CHP sales or deliveries.

Comment: Many commenters oppose track and trace requirements.

Response: DSHS does not agree with the commenters and declines to revise the rule in response to this comment. These systems are essential to maintain regulatory compliance, up-

hold public safety, and ensure product quality. Furthermore, these systems enable quick, targeted recalls of contaminated or non-compliant products.

Comment: Multiple commenters oppose testing requirements.

Response: DSHS does not agree with the commenters and declines to revise the rule in response to this comment. HB 1325 requires DSHS to develop rules regulating the manufacture, distribution, and sale of CHPs in Texas. This includes developing rules for testing requirements.

Comment: Multiple commenters suggested a grace period to implement rules.

Response: DSHS disagrees and declines to revise the rule in response to this comment. Governor's Executive Order GA-56 tasked DSHS with reviewing and updating rules, especially those prohibiting access to minors. Immediate enforcement is necessary to address the concerns raised by Executive Order GA-56.

Comment: Multiple commenters stated the Texas Compassionate Use program, while well-intentioned, remains out of reach for many due to cost and limited availability.

Response: DSHS considers this comment outside the scope of rulemaking for this chapter.

Comment: Multiple commenters suggested legalizing marijuana.

Response: DSHS considers this comment outside the scope of rulemaking for this chapter. HB 1325 requires DSHS to develop rules regulating the manufacture, distribution, and sale of CHPs in Texas.

Comment: Most commenters oppose total THC reclassification via THCA conversion (§300.101) for both total THC and total delta-9 THC. The commenters suggest the compliance threshold exceeds statutory authority.

Response: DSHS does not agree and declines to revise the rule in response to this comment. The Texas Agriculture Code §121.001 defines hemp to include "all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." The Texas Department of Agriculture rules at 4 TAC §24.26 state that testing methodology should account for the potential conversion of delta-9 tetrahydrocannabinolic acid (THCA) in hemp to delta-9 tetrahydrocannabinol (THC). HSC Section 443.051 requires rules to be consistent with federal laws and regulations; the federal regulations account for THCA conversion. Furthermore, the test results must accurately represent the total available THC, calculated as the sum of both THC and THCA content. Executive Order GA-56 directed DSHS that testing methods account for THCA conversion to THC.

Comment: Multiple commenters suggested recognizing established third-party compliance programs, training providers, and independent audits as valuable partners in achieving regulatory goals.

Responses: DSHS disagrees and declines to revise the rule in response to this comment. Businesses may conduct third-party compliance programs at their own discretion.

Comment: Multiple commenters suggested restricting cannabidiol (CBD)/THC seltzers to liquor stores or knowledgeable CBD retailers, instead of vape shops or gasoline stations.

Response: DSHS disagrees and declines to revise the rule in response to this comment. HSC Chapter 443 makes no distinction between gas stations, convenience stores, liquor stores, consumable hemp stores, and vape shops. Businesses that sell CHPs are required to obtain a license or registration from DSHS and to comply with HSC Chapter 443, and with 25 TAC Chapter 300.

Comment: Multiple commenters suggested dosing, serving size, and milligram restrictions and guidance.

Response: DSHS disagrees and declines to revise the rule in response to this comment. The label must include the serving size as per 21 Code of Federal Regulation (CFR) 101, declared on the product label. HB 1325 adopts federal food labeling requirements.

Comment: Multiple commenters stated that the proposed rules prohibit transporting hemp.

Response: DSHS disagrees with the commenters and declines to revise the rule. HB 1325 requires DSHS to develop rules regulating the manufacture, distribution, and sale of CHPs. CHPs may be legally transported across state lines and exported to foreign countries in a manner that is consistent with federal law and the laws of respective foreign countries.

Comment: One commenter stated §300.501(b) deletes the limitation that retail registration applies only to products "containing CBD." However, HSC §443.2025(b) requires registration only for retail locations selling "consumable hemp products containing cannabidiol [CBD]," and the fee schedule authority in HSC §443.2025(f) is likewise tied to locations where "consumable hemp products containing cannabidiol [CBD] are sold."

Response: DSHS disagrees with the commenter and declines to revise the rule in response to this comment. HB 1325 ensures Texas has primary regulatory authority over CHPs in this state, not just CBD.

Comment: Multiple commenters stated §300.601(b) purports to count each day a violation continues as a separate violation; however, HSC §443.201 requires the Department to provide fair notice of a potential violation and an opportunity to cure.

Response: DSHS disagrees with the commenters and declines to revise the rule in response to this comment. The department is statutorily required to notify retailers of potential violations and to provide an opportunity to resolve unintentional or negligent violations. Section 300.606(b) is consistent with this requirement. Section 300.601(b) applies to violation of department licensure or registration requirements.

Comment: One commenter suggested clarification that product labels must identify the licensed legal entity, with DBA's requiring additional licenses.

Response: DSHS disagrees with the commenter and declines to revise the rule in response to this comment. HB 1325 only requires the manufacturer's name on the product label. Section 300.201(f)(2), relating to application for license or renewal, requires applicants to list other names under which the firm does business.

Comment: Multiple commenters stated that extensive compliance burdens, such as child-resistant packaging, could be more appropriately addressed through targeted legislation rather than sweeping agency rulemaking.

Response: DSHS disagrees with the commenters and declines to revise the rule in response to this comment. These requirements are essential for public safety, primarily designed to mitigate the risks of accidental ingestion by minors and to comply with state and federal requirements, such as the Poison Prevention Packaging Act (PPPA). The revisions are consistent with Executive Order GA-56.

Comment: Multiple commenters oppose proposed rules in general.

Response: DSHS disagrees with these commenters and declines to revise the rule in response to this comment. HB 1325 requires DSHS to develop rules regulating the manufacture, distribution, and sale of CHPs. The revisions are consistent with Executive Order GA-56.

Comment: Multiple commenters stated testing could be more appropriately addressed through targeted legislation rather than sweeping agency rulemaking.

Response: DSHS disagrees with the commenters and declines to revise the rule in response to this comment. HB 1325 states the executive commissioner shall adopt rules and procedures necessary to administer and enforce this chapter. The revisions are consistent with Executive Order GA-56.

Comment: Multiple commenters stated warning labels could be more appropriately addressed through targeted legislation rather than sweeping agency rulemaking.

Response: DSHS disagrees with the comment and declines to revise the rule in response to this comment. HB 1325 states the executive commissioner shall adopt rules and procedures necessary to administer and enforce this chapter. The revisions are consistent with Executive Order GA-56.

Comment: Multiple commenters stated recall procedures could be more appropriately addressed through targeted legislation rather than sweeping agency rulemaking.

Response: DSHS disagrees with the commenters and declines to revise the rule in response to this comment. HB 1325 states that the executive commissioner shall adopt rules and procedures necessary to administer and enforce this chapter. Recalls are essential because they safeguard the public from products that could cause injury, illness, or even death.

Comment: Multiple commenters asked to clarify that Texas CHP standards apply to out-of-state products sold in Texas.

Response: DSHS agrees with the commenters and revised §300.403 to clarify the standards apply to all out-of-state products sold in Texas.

Comment: One commenter suggested standardizing reporting of the measurement of uncertainty.

Response: DSHS disagrees with the commenter and declines to revise the rule in response to this comment. No mandatory, general-purpose, or maximum bounds are set for the calculation of laboratory measurement uncertainty. Such metrics are instead controlled through laboratory testing performance standards.

Comment: Multiple commenters stated that converted cannabinoids and synthetic products are not addressed directly in the proposed rules, raising product safety concerns.

Response: DSHS disagrees and declines to make the suggested change at this time. The rules are consistent with

Executive Order GA-56. DSHS will consider the requested definition change in a future rulemaking.

Comment: Multiple commenters suggested prohibition of the sale of other intoxicants such as kratom, tianeptine, nitrous oxide, synthetic cannabinoids, hallucinogenic mushrooms, or psilocybin products.

Response: DSHS considers these comments outside the scope of rulemaking for this chapter. The rules are consistent with Executive Order GA-56.

Comment: Three commenters requested that DSHS align Subchapter G with 16 TAC §35.6 adopted by the TABC.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. 16 TAC §35.6 applies only to persons who have a TABC license or permit. HB 1325 applies to firms that manufacture, process, or retail sale CHPs. The rules are consistent with Executive Order GA-56.

Comment: Multiple commenters stated packaging and labeling rules are an undue burden on retailers. Sections 300.402, 300.405, and 300.406 put the burden on retailers to evaluate product labeling and packaging for compliance with Subchapter D and requires the retailers to develop written procedures for doing so. The commenters recommend limiting the task only to "qualified individuals."

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. HB 1325 requires retailers to ensure labeling and packaging requirements comply with this chapter.

Comment: Multiple commenters propose to remove gas chromatography from the total delta-9 THC provision.

Response: DSHS does not agree with this comment and declines to revise the rule in response to this comment. The rule allows, but does not require, the use of gas chromatography.

Comment: One commenter suggested removal of the definition of "marihuana."

Response: DSHS agrees with this comment and has removed §300.101(25), the definition of marihuana. The paragraphs in §300.101 have been renumbered accordingly.

Comment: Most commenters disagree with the hemp definition stating the definition is not the same as the federal definition.

Response: DSHS disagrees with this comment but revised §300.101(20) and §300.203(b), to align with the Texas Agriculture Code definition of hemp. The Texas definition is not required to mirror the Federal definition.

Comment: Multiple commenters oppose the definition of "Facility" to include U.S. Food and Drug Administration (FDA) Facility registration.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. FDA requires all food manufacturers, including consumable hemp manufacturers that manufacture CHPs for ingestion, to register according to the Food Safety Modernization Act (FSMA) unless exempted.

Comment: Multiple commenters oppose the definition of "cannabis" and want it deleted.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. The definition of "cannabis" informs the stakeholders of the type of plant.

Comment: Multiple commenters ask for clarification regarding whether licensing for an approved hemp source applies only to the Texas-based distributor or retailer selling the final, retail-ready products. Do the requirements for the manufacturer or brand apply whether based in or out of state?

Response: DSHS agrees that a clarification is needed and revised §300.101(5) to clarify approved hemp source.

Comment: One commenter states the definition of accredited laboratory should only have one clear standard, ISOIEC 17025 and delete "comparable or successor standard."

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. HB 1325 includes "comparable standard" language.

Comment: One commenter stated that the definition of "Process" includes "intended for incorporation" and could be interpreted too broadly and unintentionally include pilot or experimental batches that never reach consumers. Clarifying that intent applies only to materials reasonably expected to become consumer-ready products would reduce regulatory uncertainty while keeping safety and compliance intact.

Response: DSHS disagrees with the comment and declines to revise the rule in response to this comment. Consistent with HB 1325, Texas Agriculture Code §§121.001-121.020, 25 TAC §§300.101-300.104, and FDA intended-use principles under Federal Food, Drug, and Cosmetic Act (21 U.S.C. §321g, h, and k), materials intended or reasonably expected to be incorporated into CHPs must remain subject to regulatory oversight to prevent gaps in safety and compliance.

Comment: One commenter suggested amendment of the definition of "manufacturer" to clarify the distinction between manufacturing, distribution, and allowed modifications to reduce regulatory risk for lawful hemp-derived products.

Response: DSHS agrees with this comment and revised §300.101(23), (24), and proposed (34) (renumbered to paragraph (33)) to provide a distinction between hemp manufacturers and distributors.

Comment: Multiple commenters suggested halting these rule changes until there is clearer federal guidance and a comprehensive economic impact study on Texas' small businesses.

Response: DSHS disagrees and declines to revise the rule in response to this comment. The revisions are consistent with Executive Order GA-56.

Comment: One commenter stated, "Moving distributor licensing out of the hemp regime is not advisable."

Response: DSHS agrees with this comment and has made clarifying edits to state distributors must obtain a wholesaler license under HSC 431. DSHS clarified the licensing requirements for distributors throughout the rules.

Comment: One commenter suggested an amendment to the definition of "cannabis" to indicate "any plants or plant matters from plants in the genus Cannabis Sativa L."

Response: DSHS agrees with this comment and revised §300.101(8) in response to this comment.

Comment: One commenter suggested that TABC be allowed to access records per §300.203.

Response: DSHS agrees with this comment and revised §300.203(a) in response to this comment.

Comment: One commenter suggested clarification of who approves suppliers and whether the approval process includes all ingredients.

Response: DSHS disagrees and declines to revise the rules in response to this comment. All ingredients used in hemp production must be from approved sources. Approved source is defined in TAC §229.211(7). Unprocessed materials must originate from vendors that adhere to relevant state and federal regulations and are licensed, if appropriate, and evaluated by the governing body responsible for overseeing the processing and distribution of these raw materials.

Comment: One commenter suggested that DSHS require and enforce batch-specific Certificate of Analysis (COA) results.

Response: DSHS agrees with this comment and revised §300.205(2) in response to this comment.

Comment: One commenter stated, "In 25 TAC §300.402(a)(6) consider a QR code rather than a universal resource locator (URL). QR codes are easier for consumers to use (two-clicks rather than trying to read a small font URL then type in the text) and are more expected in the marketplace now."

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. HB 1325 requires the product's label to have a URL linked to the certificate of analysis. A firm has the option to also incorporate a QR code, but the URL is required.

Comment: One commenter suggested consideration of a font size minimum for recommended serving size and servings per container in §300.402(a)(7).

Response: DSHS disagrees and declines to revise the rule in response to this comment. DSHS follows 21 CFR 101.2(c) and (f), which provide guidance on serving size and servings per container.

Comment: Multiple commenters suggested DSHS consider allowing a universal THC symbol.

Response: DSHS disagrees and declines to revise the rule in response to this comment. Currently, there is no standard for a universal THC symbol. However, a firm may add a THC symbol to their label.

Comment: Two commenters suggested removal of "All THCs have psychoactive properties that may produce an effect similar to or greater than the effect of marijuana, a controlled substance" due to tetrahydrocannabinol (THC) not being psychoactive.

Response: DSHS agrees with this comment and has revised §300.402(b)(3).

Comment: One commenter suggested the word "marijuana" within the warning statement is not commonly known to the typical consumer and should be deleted.

Response: DSHS agrees with this comment and has amended §300.402(b)(3).

Comment: Two commenters oppose §300.405(b)(5)(E), which prohibits packaging with images of any celebrities as many are not known to children.

Response: DSHS agrees and has revised §300.405.

Comment: One commenter suggested standardized warnings on dosing, driving, and age restrictions.

Response: DSHS disagrees and considers this comment outside the scope of Executive Order GA-56. DSHS will consider the requested revision in future rulemaking. CHPs are prohibited from being marketed or sold to minors.

Comment: One commenter suggested requiring standard operating procedures as part of the license renewal.

Response: DSHS disagrees and declines to make the suggested change at this time. The rules are consistent with Executive Order GA-56. DSHS will consider the requested revision in future rulemaking.

Comment: One commenter suggested "Remote inspections (Zoom/document audits)" become standard and on-site visits are only triggered by "risk flags."

Response: DSHS does not agree with this comment and declines to revise the rule in response to this comment. Though remote inspections have been used under certain conditions, remote inspections require inspections be announced. This can limit the effectiveness of the inspection.

Comment: One commenter suggested "Licensees upload COAs into a DSHS system or via QR-linked database."

Response: DSHS disagrees and declines to make the suggested change at this time. The rules are consistent with HB 1325 and Executive Order GA-56. DSHS will consider the requested revision in future rulemaking.

Comment: One commenter stated §300.103 is too broad and should require a "defined inspection basis (routine schedule, complaint-driven, follow-up, or targeted risk), require written notice when feasible, and require inspectors to provide a written scope statement at the start of an inspection so licensees know what is being examined and why."

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. Pursuant to HSC Chapters 431 and 443, the department is authorized to conduct unannounced inspections to ensure compliance with consumable hemp requirements. Requiring notice or predefined inspection scope would limit effectiveness of inspections. Regulated entities already receive written inspection findings and enforcement notices upon conclusion of inspections.

Comment: Multiple commenters suggested clarification of §300.204 and §300.205, specifically, who maintains these records, who must have access, or how compliance would be verified, especially for out-of-state suppliers.

Response: DSHS disagrees and declines to revise the rules in response to this comment. Consumable hemp manufacturers are required to comply with §300.204 and §300.205. DSHS must review records to ensure compliance with Chapter 300. Non-resident suppliers are obligated to adhere to all relevant federal regulations as well as the statutory requirements of the destination state.

Comment: Multiple commenters stated the definition for "Approved Hemp Source" is overly broad, internally conflicting, and confusing.

Response: DSHS agrees and revised §300.101(5) in response to this comment.

Comment: One commenter stated recalls should be the responsibility of the manufacturer, not the distributor or retailer.

Response: DSHS disagrees with this comment but revised §300.207 to differentiate the requirements for retailers and manufacturers. Although manufacturers have a significant responsibility for recalls, retailers also need a plan for recalls.

Comment: One commenter stated §300.203 is only appropriate for in-state manufacturers, but is not applicable to farmers, retail shops, or distributors.

Response: DSHS agrees with the comment and declines to revise the rule in response to this comment. Section 300.203 is applicable to manufacturers, not farmers, retail shops, or distributors.

Comment: Multiple commenters suggested complaint files should be the manufacturer's responsibility instead of the store owners.

Response: DSHS agrees with the comment but declines to revise the rule. Section 300.208 relating to complaints only applies to manufacturers and processors.

Comment: One commenter suggested clarifying sampling methodology enforcement.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. DSHS samples are based on whether the inspection is routine, compliance, investigation, or complaint based.

Comment: One commenter opposes §300.402, Packaging and Labeling Requirements, as ambiguous and subjective standards.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. The revisions are consistent with Executive Order GA-56.

Comment: One commenter suggested §300.403, Relating to Retail Sale of Out-Of-State Consumable Hemp Products, is ambiguous.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. Section 300.403 is consistent with federal and state requirements.

Comment: One commenter opposes the term "attractive to children" because it is opinion based.

Response: DSHS agrees and has revised §300.405.

Comment: One commenter opposes §300.406 because it does not define the terms "clear," "sufficient detail," and "qualified individual."

Response: DSHS does not agree with this comment and declines to revise the rule in response to this comment. A "qualified individual" is defined in 25 TAC §229.211(54).

Comment: One commenter suggested deleting §300.407 "Misleading Consumable Hemp Packaging."

Response: DSHS does not agree with this comment and declines to revise the rule in response to this comment. It is important for the consumer to be able to determine whether the package contains a hemp-derived cannabinoid and whether the product is intended for medical purposes. Consumable hemp product packaging must clearly indicate that the package contains a hemp-derived cannabinoid and that the product is not intended for medical purposes. This requirement ensures informed consumers and is consistent with Executive Order GA-56.

Comment: One commenter stated that introduction into commerce is not defined.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. "Commerce" is defined in Texas Business and Commerce Code §17.45(6).

Comment: One commenter opposes §300.701(a) citing that it is too subjective.

Response: DSHS agrees and has revised §300.701(a). The revisions are consistent with Executive Order GA-56.

Comment: One commenter opposes §300.603 and suggested this section allows inspectors to take "full control over business owners" property without checks and balances.

Response: DSHS does not agree with the commenter and declines to revise the rule in response to this comment. The revisions are consistent with Executive Order GA-56 and HSC §443.002, which incorporates recall and embargo authority under HSC §431.048.

Comment: One commenter opposes §300.605, "Correction by Proper Labeling or Processing."

Response: DSHS does not agree with this comment and declines to revise the rule in response to this comment. HSC §431.052 authorizes Correction by Proper Labeling or Processing.

Comment: One commenter suggested recognizing smokable flower and pre-Rolls as "cigar lounge-style products."

Response: DSHS disagrees and declines to make the suggested change at this time. The revisions are consistent with Executive Order GA-56. DSHS will consider the requested revision in a future rulemaking.

Comment: One commenter suggested DSHS require one certified THC Handler per licensed store.

Response: DSHS disagrees and declines to make the suggested change at this time. The revisions are consistent with Executive Order GA-56. DSHS will consider the requested revision in a future rulemaking.

Comment: One commenter suggested a centralized DSHS portal for managing licensee compliance, training, and inspection reports.

Response: DSHS agrees in part and disagrees in part. DSHS has a portal that manages license compliance, and inspection reports. DSHS declines to make the suggested change for a training portal at this time. DSHS will consider the comment in a future rulemaking.

Comment: One commenter suggested the establishment of a Hemp Regulatory Commission.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. DSHS considers this comment outside the scope of rulemaking for this project and Executive Order GA-56.

Comment: Multiple commenters recommend specific penalties for noncompliance, such as: \$500 - \$1,000 per unregistered product, \$10,000/day for unlicensed operation, and \$20,000/day for operation after license revocation. Some commenters suggest the rules "should also include clear, automatic penalties for violations such as falsified certificates of analysis, sales to minors, and distribution of unauthorized products."

Response: DSHS does not agree with the commenter and declines to revise the rule in response to this comment. DSHS relies on an administrative penalty matrix in making enforcement determinations. All enforcement actions taken by DSHS are administrative or civil rather than criminal.

Comment: Multiple commenters suggested banning THC-Infused Foods and Beverages in Violation of Federal Law.

Response: DSHS disagrees with this comment and declines to revise the rule in response to this comment. HB 1325 requires DSHS to develop rules regulating the manufacture, distribution, and sale of CHPs in Texas. The revisions are consistent with Executive Order GA-56.

Comment: Multiple commenters suggested DSHS should establish a cost-recovery grant program to assist local law enforcement and municipal partners in conducting compliance checks, underage stings, and inspections; the best practice already used in tobacco and alcohol enforcement programs. Underage sting operations should be conducted once per quarter with retailers, as a recommended best practice.

Response: DSHS disagrees and declines to revise the rule in response to this comment. DSHS has established fees that will support TABC underage sting operations. TABC has already implemented underage sting operations. DSHS also collaborates with Texas Department of Public Safety, as directed by Executive Order GA-56.

Comment: Multiple commenters suggested aligning with Federal Product Standards, which limit finished products to no more than 0.4 milligrams of total THC per serving.

Response: DSHS disagrees and declines to make the suggested change at this time. DSHS will consider the requested revision in a future rulemaking when the federal amendments take effect.

Comment: Multiple commenters suggested DSHS require Third-Party Lab Testing and QR-Code COAs that include THC content, a complete analyte list, and documentation of the absence of contaminants or adulterants.

Response: DSHS does not agree with this comment and declines to revise the rule in response to this comment. HB 1325 has already incorporated requirements for testing. CHP manufacturers are required to test for, as appropriate, cannabinoids, residual solvents, microbiological contaminants, pesticides, and heavy metals.

Comment: Multiple commenters suggest DSHS incorporate the ability to quickly update prohibited product forms, potency structures, and compliance triggers as the market evolves.

Response: DSHS disagrees and declines to make the suggested change at this time. The revisions are consistent with Executive Order GA-56. DSHS will consider the requested revision in a future rulemaking.

Comment: Multiple commenters suggest strengthening accountability for out-of-state products, including consideration of a distributor or importer responsibility mechanism to prevent retailer only enforcement.

Response: DSHS declines to revise the rule in response to this comment. A consumable hemp product distributor is required to hold a wholesaler license from the department per HSC Chapter 431. Out of state manufacturers' products must comply with Texas statutes and rules in order to be sold in Texas.

Comment: One commenter suggested the DSHS Commissioner include guidance on acceptable forms of identification issued by another country.

Response: DSHS agrees and revised §300.701(c) in response to this comment.

Comment: Multiple commenters oppose the inclusion within the warning statement "...greater effect than marihuana."

Response: DSHS agrees with this comment and has revised §300.402(b)(3).

Comment: Multiple commenters oppose batch date labeling requirements.

Response: DSHS disagrees and declines to revise the rule in response to this comment. HB 1325 requires a batch date.

Comment: Multiple commenters oppose packaging and Child Resistance Requirements for 750ml containers.

Response: DSHS disagrees and declines to revise the rule in response to this comment. Executive Order GA-56 directed the department to implement rules to prevent minors access to all consumable hemp products.

Comment: Multiple commenters stated rules should follow only food Good Manufacturing Practices (GMPs).

Response: DSHS does not agree and declines to revise the rule in response to this comment. HB 1325 provides that a consumable hemp products means food, a drug, a device, or a cosmetic that contains hemp or one or more hemp-derived cannabinoids. Food, drug, device, and cosmetic are defined by HSC §have their own regulations.

Comment: Multiple commenters suggested recordkeeping obligations are often impractical for lawful operators to satisfy, particularly for those whose activities are limited to repackaging, re-labeling, or distribution of finished products manufactured elsewhere.

Response: DSHS disagrees and declines to revise the rule in response to this comment. HSC §431.044 requires records to be kept showing movement in commerce, which includes finished product distribution. Repackaging, relabeling, and private labeling operations are considered manufacturing and are subject to these rules.

Comment: One commenter suggested "approved hemp source" creates confusion about hemp from outside the United States, which complies with federal law.

Response: DSHS agrees and revised §300.101(5) in response to this comment.

Comment: Multiple commenters suggested §300.407 restricts labeling and marketing for medical use or therapeutic benefit but does not clearly distinguish between explicit disease-treatment claims (which are appropriately restricted) and general wellness language or imagery common in food and supplement contexts.

Response: DSHS disagrees and declines to revise the rule in response to this comment. The FDA regulates wellness claims on conventional foods, classifying them into three categories: authorized health claims, nutrient content, and structure/function claims. All such claims require substantiation, must be truthful, and typically highlight a nutrient's specific role in health, like calcium for bone strength, without claiming a cure.

Comment: One commenter opposes random testing in general.

Response: DSHS disagrees and declines to revise the rule in response to this comment. HB 1325 requires DSHS to establish a process for the random testing of CHPs.

Comment: Multiple commentors suggested zoning regulations to be established for specific areas that are distant from schools and churches.

Response: DSHS disagrees and declines to revise the rule in response to this comment. HSC Chapter 443 does not authorize zoning restrictions.

Comment: Multiple commentors suggested proposed rules exceed those authorized under the governor's executive order.

Response: DSHS does not agree and declines to revise the rule in response to this comment. The revisions are consistent with Executive Order GA-56 and HSC §443.002, which incorporates HSC Chapter 431.

Comment: One commenter suggested implementation of a secure purchase environment.

Response: DSHS disagrees and declines to make the suggested change at this time. The revisions are consistent with Executive Order GA-56. DSHS will consider the requested revision in a future rulemaking.

Additionally, DSHS made minor editorial changes to the rules to improve clarity, readability, and to correct an error as follows.

DSHS revised §300.101(15) to improve clarity. DSHS revised §300.101(24) by adding "mixes" to improve clarity. DSHS also revised proposed §300.101(35) (renumbered to paragraph (34)) to remove "or leading" and include "processor" to improve clarity.

DSHS revised §300.103(a) to clarify that TABC may enter the premises to ensure compliance with this chapter; added the acronym for Texas Health and Safety Code in §300.103(b); corrected a clerical error in §300.103(c) replacing "prescription drug or restricted device" with "consumable hemp products," and updated a citation in §300.103(c)(5)(B).

DSHS revised §300.201 to clarify which license consumable hemp product distributors are required to hold and made minor grammatical revisions to improve clarity.

DSHS revised §300.202(f)(2) by replacing "denied" with "approved" and replacing "denial" with "approval" to be consistent with Texas Government Code Chapter 2005.

DSHS revised §300.203(d) to clarify who must maintain the records and made minor grammatical revisions in subsections (d) and (e) to improve clarity.

DSHS revised §300.204(b) to remove proposed paragraph (4) to eliminate a duplicate ingredient measurement requirement. The paragraphs were renumbered accordingly.

DSHS revised §300.208 and §300.402 to include "processor" to provide clarity. The title of §300.208 was revised to "Complaints" for clarity.

DSHS revised §300.301(c) to spell out "certificate of analysis" and §300.301(d)(2) to include "hemp processor" to provide clarity. DSHS also revised subsection (e) removing "with the intent to deceive" to be consistent with HSC 431.

DSHS revised §300.302(a) by removing "section" and replaced with "chapter" to clarify low-THC cannabis does not apply to 25 TAC Chapter 300.

DSHS revised §300.303 language to clarify who is responsible for complying with each requirement. DSHS revised §300.303(b) to include "retailer" as also responsible for providing testing results. This section was also revised to include the "consumer" and "Texas Alcoholic Beverage Commission" be provided testing results upon request. DSHS deleted proposed §300.303(c) since these requirements are now reflected in §300.303(b) and renumbered the subsections accordingly. DSHS revised proposed §300.303(g) - (i) (renumbered to subsections (f) - (h)) by replacing "or" with "and" to clarify what is required by stakeholders.

DSHS revised §300.403(3) to clarify out of state consumable hemp products must comply with acceptable hemp THC levels.

DSHS revised §300.406(b) to correct punctuation and §300.501(a) by removing "section" and replacing with "chapter" to correct a clerical error.

DSHS revised §300.502(b)(7) to include "sold" to provide clarity. DSHS updated §300.502 for consistency with §300.202 by revising subsection (c); adding subsections (d) and (h); revising proposed subsection (f)(2) (renumbered to subsection (g)(2)) and adding paragraphs (3) - (4). The subsections were renumbered accordingly.

DSHS revised §300.601(a)(1) to include "processing" to improve clarity.

DSHS revised §300.603 and §300.606(g) - (i) by making minor grammatical changes to improve clarity.

SUBCHAPTER A. GENERAL PROVISIONS

25 TAC §§300.100 - 300.103

STATUTORY AUTHORITY

The amended sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, HSC §1001.075, which authorizes the executive commissioner of HHSC to adopt rules and policies for the operation and provision of health and human services by DSHS and for the administration of HSC Chapter 1001, Texas Government Code §524.0005, and HSC §12.001, HSC Chapter 431, and HSC Chapter §443.051.

§300.101. Definitions.

The following words and terms, when used in this chapter, have the following meanings unless context clearly indicates otherwise:

(1) Acceptable hemp THC level--A total delta-9 tetrahydrocannabinol content concentration level on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3% or less.

(2) Accredited laboratory--A laboratory, including at an institution of higher education, accredited in accordance with the International Organization for Standardization ISO/IEC 17025 or a comparable or successor standard.

(3) Act--House Bill 1325, 86th Legislature, Regular Session, 2019, relating to the production and regulation of hemp in Texas, codified in Texas Health and Safety Code Chapter 443.

(4) Analyte--A chemical, compound, element, bacteria, yeast, fungus, mold, or toxin identified and measured by accredited laboratory analysis.

(5) Approved hemp source--Hemp and hemp products for human use and consumption must be grown under a state or compatible federal, foreign, or Tribal plan. These plans must be approved by the United States Department of Agriculture under 7 United States Code (U.S.C.) Chapter 38, Subchapter VII, or Texas Agriculture Code Chapter 121. The products must comply with federal law and the laws of respective foreign jurisdictions.

(6) Batch date--The date a product batch was made, used for tracking and quality control. This is also called the lot date.

(7) Batch ID number--A number that identifies a specific amount of raw or processed hemp product that meets standards for identity, strength, purity, and composition. Each batch ID number must include the manufacturer's, processor's, or distributor's number and a sequence for inventory, traceability, and identification of the plant batches used in making consumable hemp products. This is also called the lot number.

(8) Cannabis--A type of flowering plant in the Cannabaceae family. Any plants or plant matters from plants in the genus Cannabis Sativa L.

(9) Cannabidiol (CBD)--A phytocannabinoid produced by cannabis.

(10) Certificate of Analysis (COA)--An official document from an accredited laboratory available to the manufacturer, processor, distributor, retailer, public, or department. The COA shows the concentrations of cannabinoid analytes and other measurements required by the department, including data on THC levels, and states whether a sample passed or failed content analysis limits.

(11) Consumable hemp product (CHP)--Any product processed or manufactured for consumption that contains hemp, including food, a drug, a device, and a cosmetic, as defined by Texas Health and Safety Code §431.002. The definition excludes any hemp product containing a hemp seed or hemp seed-derived ingredient that the FDA has designated as Generally Recognized as Safe (GRAS).

(12) Consumable hemp products license--A license issued to a person or facility engaged in the act of manufacturing, extracting, or processing consumable hemp products for human consumption or use.

(13) Decarboxylation--The removal or elimination of a carboxyl group from a molecule or organic compound.

(14) Delta-9 tetrahydrocannabinol (d-9 THC)--A tetrahydrocannabinol isomer known as the primary psychoactive component of cannabis.

(15) Department--The Texas Department of State Health Services.

(16) Distributor--A person who distributes consumable hemp products for resale, either through a retail outlet owned by that person or through sales to another retailer. A distributor is required to hold a wholesaler license per Texas Health and Safety Code Chapter 431.

(17) Facility--A place of business engaged in manufacturing, processing, or distributing consumable hemp products subject to the requirements of this chapter and Texas Health and Safety Code Chapter 431. A facility includes a domestic or foreign facility required to register under the Federal Food, Drug, and Cosmetic Act, Section 415 in accordance with the requirements of 21 Code of Federal Regulations Part 1, Subpart H.

(18) FDA--The United States Food and Drug Administration or its successor agency.

(19) Federal Act--Federal Food, Drug, and Cosmetic Act (Title 21 U.S.C. 301 et seq.).

(20) Hemp--The plant, Cannabis sativa L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.

(21) Hemp-derived cannabinoid product--Any intermediate or final product derived from hemp (other than industrial hemp), that:

(A) contains cannabinoids in any form; and

(B) is intended for human or animal use through any means of application or administration, such as inhalation, ingestion, or topical application.

(22) Independent contractor--A person or entity contracted to perform work or sales for a registrant.

(23) License holder--The person who is legally responsible for the operation as a consumable hemp manufacturer or processor and possesses a valid license.

(24) Manufacturer--A person who makes, mixes, extracts, processes, packages, or repackages consumable hemp product from one or more ingredients. The definition includes synthesizing, preparing, treating, modifying, or manipulating hemp, hemp crops, or ingredients to create a consumable hemp product. It also includes private-labeling. For farmers and persons with farm mixed-type facilities, manufacturing and processing do not include activities related to growing, harvesting, packing, or holding raw hemp product. Manufacturers may only distribute products they manufactured.

(25) Measurement of uncertainty--The parameter, associated with the results of an analytical measurement that characterizes the dispersion of the values that could reasonably be attributed to the quantity subjected to testing measurement. For example, if the reported total d-9 THC content concentration level on a dry weight basis is 0.35% and the measurement of uncertainty is +/- 0.06%, the measured total d-9 THC content concentration level on a dry weight basis for this sample ranges from 0.29% to 0.41%. Because 0.3% is within the distribution or range, the sample is within the acceptable hemp THC level for the purpose of plan compliance.

(26) Minor--A person under 21 years of age.

(27) Non-consumable hemp processor--A person who intends to process hemp products not for human consumption and who is registered with the Texas Department of Agriculture.

(28) Non-consumable hemp product--As defined by Texas Agriculture Code §122.001(8), means a product that contains hemp, other than a consumable hemp product as defined by Texas Health and Safety Code §443.001. The term includes cloth, cordage, fiber, fuel, paint, paper, particleboard, construction materials, and plastics derived from hemp.

(29) Pathogen--A microorganism of public health significance, including molds, yeasts, Listeria monocytogenes, Campylobacter, Salmonella, E. coli, Yersinia, or Staphylococcus.

(30) Person--An individual, business, partnership, corporation, or association.

(31) Private labeling--When a person or manufacturer labels a CHP with the person's name and address, thereby representing itself as responsible for the purity and labeling of a CHP.

(32) Process--Extraction of a component of hemp, including CBD or another cannabinoid, that is:

- (A) sold as a consumable hemp product;
- (B) offered for sale as a consumable hemp product;
- (C) incorporated into a consumable hemp product; or
- (D) intended for incorporation into a consumable hemp product.

(33) Processor--A person who operates a facility that processes raw agriculture hemp into consumable hemp products for manufacture, distribution, and sale. A hemp processor is required to hold a consumable hemp products license.

(34) QR code--A quick response machine-readable code that can be read by a camera, consisting of an array of black and white squares used for storing information or directing a user to product information regarding manufacturer or processor data and accredited laboratory COA.

(35) Raw hemp--An unprocessed hemp plant, or any part of the plant, in its natural state.

(36) Registrant--A person who sells consumable hemp products directly to consumers, and who submits a complete registration form to the department for purposes of registering the place of business to sell consumable hemp products at retail to the public.

(37) Reverse distributor--A person registered with the federal Drug Enforcement Agency as a reverse distributor that receives controlled substances from another person or entity for return of the products to the registered manufacturer or to destroy adulterated or impermissible THC products.

(38) Smoking--Burning or igniting a substance and inhaling the resultant smoke or heating a substance and inhaling the resulting vapor or aerosol.

(39) Supplier--A person or entity that manufactures or processes a material used in the processing or manufacturing of hemp. This term also includes a person or entity that manufactures hemp-derived cannabinoids or sells products containing hemp-derived cannabinoids to retailers.

(40) Tetrahydrocannabinol (THC)--A cannabinoid found in cannabis and considered the primary psychoactive component of the cannabis plant.

(41) Tetrahydrocannabinolic acid (THCA)--A precursor to all tetrahydrocannabinols (THC).

(42) Texas Department of Agriculture--The state agency responsible for regulation of planting, growing, harvesting, and testing of hemp as a raw agricultural product.

(43) Texas.gov--The online registration system for the State of Texas found at <https://www.texas.gov>.

(44) Total THC--The value determined after the process of decarboxylation, or the application of a conversion factor if the testing methodology does not include decarboxylation, that expresses the potential total tetrahydrocannabinol content derived from the sum of all THC isomers and THCA content and reported on a dry weight basis. This technique requires the use of the following conversion: [Total THC = (0.877 x THCA) + THC], which calculates the potential total THC in a given sample.

(45) Total delta-9 THC--The value is determined after decarboxylation or by applying a conversion factor if the testing method

does not include decarboxylation. This shows the potential total delta-9 THC content from the sum of delta-9 THC and THCA, reported on a dry weight basis. The post-decarboxylation value of delta-9 THC can be calculated using a chromatograph technique with heat, like gas chromatography, which converts THCA. This test calculates the potential total delta-9 THC in a sample. The total delta-9 THC can also be calculated using a liquid chromatograph technique, which keeps THCA intact. This technique uses the conversion: [Total delta-9 THC = (0.877 x THCA) + delta-9 THC]. This test calculates the potential total delta-9 THC in a sample.

§300.103. *Inspections.*

(a) Authorized employees of the department or the Texas Alcoholic Beverage Commission, after showing proper credentials to the owner, operator, or person in charge, may:

(1) enter the premises at reasonable times, conduct inspections, collect samples, and take photographs to determine compliance with this chapter and Texas Health and Safety Code (HSC) Chapters 431 and 443;

(2) enter a vehicle being used to transport or hold a consumable hemp product in commerce; or

(3) inspect at reasonable times, within reasonable limits, and in a reasonable manner, the facility or vehicle and all equipment, finished and unfinished materials, containers, and labeling of any item and obtain samples necessary for the enforcement of this chapter.

(b) The inspection of a facility where consumable hemp products are manufactured, processed, distributed, packed, repackaged, sold, or held, for introduction into commerce must undergo inspection to determine if the consumable hemp product is:

(1) adulterated or misbranded; or

(2) manufactured, processed, held, distributed, packed, or sold in violation of this chapter or HSC Chapters 431 and 443.

(c) An inspection of a facility where a consumable hemp product is being manufactured, processed, packed, or held for introduction into commerce under subsection (b) of this section must not extend to:

(1) financial data;

(2) sales data other than shipment data;

(3) pricing data;

(4) personnel data other than data relating to the qualifications of technical and professional personnel performing functions under this chapter; or

(5) research data other than data:

(A) relating to new consumable hemp products; and

(B) subject to reporting and inspection under 21 United States Code (U.S.C.) §§355, 360i, or 360j.

(d) The inspector must start and complete the inspection under subsection (b) of this section with reasonable promptness.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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SUBCHAPTER B. MANUFACTURE, PROCESSING, AND DISTRIBUTION OF CONSUMABLE HEMP PRODUCTS

25 TAC §§300.201 - 300.208

STATUTORY AUTHORITY

The amendments and new sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, HSC §1001.075, which authorizes the executive commissioner of HHSC to adopt rules and policies for the operation and provision of health and human services by DSHS and for the administration of HSC Chapter 1001, Texas Government Code §524.0005, and HSC §12.001, HSC Chapter 431, and HSC Chapter §443.051.

§300.201. *Application for License or Renewal.*

(a) A person must hold a consumable hemp products license issued by the department before engaging in manufacturing or processing of consumable hemp products. A person must hold a wholesaler license per Texas Health and Safety Code (HSC) Chapter 431 before engaging in the distribution of consumable hemp products.

(b) A person must apply for a consumable hemp products license by submitting an application to the department for each location engaged in manufacturing or processing consumable hemp products. The application must include:

(1) a legal description of each location, including the global positioning system coordinates for the perimeter of each location:

(A) where the applicant intends to manufacture or process consumable hemp products; and

(B) where the applicant intends to store consumable hemp products;

(2) written consent from the applicant or property owner, if the applicant is not the property owner, for the department, the Department of Public Safety, Texas Alcoholic Beverage Commission, and any other state or local law enforcement agencies to enter all premises where consumable hemp is manufactured, processed, or delivered for physical inspection or to ensure compliance with this chapter; and

(3) a fingerprint-based criminal background check from each applicant at the applicant's expense.

(c) If the applicant has been convicted of a felony relating to a controlled substance under federal law or the law of any state within 10 years before the date of application, the department must not issue a consumable hemp products license under this subchapter.

(d) If the department receives information that a license holder has been convicted of a felony relating to a controlled substance under federal law or the law of any state within 10 years before the license was issued, the department must revoke the consumable hemp products license.

(e) A person holding a consumable hemp products license under this subchapter must undergo a fingerprint-based criminal background check at the person's own expense.

(f) Applications must contain the following information:

(1) the name of the license applicant;

(2) the business name, if different from the applicant's name, and any other names under which the firm does business, if applicable;

(3) the mailing address of the business;

(4) the street address of the facility;

(5) the primary business contact telephone number;

(6) the personal email address of the applicant; and

(7) the email address of the business, if different than the applicant's email address.

(g) If a person owns or operates two or more facilities, each facility must have a separate license with its own application form, listing the name and address of each facility.

(h) Applicants must submit an application for a consumable hemp products license request under this subchapter electronically through www.Texas.gov. The department is authorized to collect fees to recover costs associated with application and renewal application processing through www.Texas.gov.

(i) All fees required by the department must be submitted with the application.

(j) Applicants must provide any additional information required by the department, as specified on the application forms.

(k) The facility must display the consumable hemp products license issued by the department in an obvious and conspicuous public location.

§300.202. *License Term and Fees.*

(a) A consumable hemp product license is valid for one year from the date displayed on the license and must be renewed annually. An expired license is not current or valid. A person must not process hemp or manufacture a consumable hemp product without a valid license.

(b) The department must issue and renew a license if the license holder:

(1) is eligible to obtain a license under §300.201 of this subchapter (relating to Application for License or Renewal);

(2) submits a license fee to the department;

(3) does not owe outstanding fees to the department;

(4) possesses testing results of consumable hemp products before manufacture, distribution, or sale into commerce, and provides those testing results upon department request;

(5) has not been convicted of a felony relating to a controlled substance under federal law or the law of any state in the 10 years before the date of renewal of the license;

(6) submits a complete application; and

(7) has not had a consumable hemp products license revoked for sale to a minor in the preceding five years from the date on which an application is submitted to the department.

(c) Fees.

(1) Before manufacturing or processing consumable hemp products, a license holder must pay a fee of \$10,000 per facility. License renewal fees are \$10,000 per facility.

(2) For each facility, a license holder must pay:

(A) a \$10,000 fee for an amendment to a new license due to a change of ownership of the licensed facility; or

(B) a \$125.00 fee for any amendment during the licensure period due to minor changes, such as change of location, change of name, or change of address.

(3) Fees are not prorated.

(4) A person who files a renewal application after the expiration date of the current license must pay an additional delinquency fee of \$1,000.

(d) An application for an amendment of a consumable hemp product license is complete when the department has received, reviewed, and found acceptable the application information and fee required by subsection (c) of this section.

(e) An initial and renewal application for a consumable hemp product license must be processed in the following time periods:

(1) the first time period of 45 calendar days begins on the date the department receives a completed application. If the department receives an incomplete application, the period ends on the date the department issues a written notice that the application is incomplete. The department must issue the written notice within 60 calendar days after receiving the incomplete application and describe the specific information or fee required before the application is considered complete;

(2) the second time period of 45 calendar days begins on the date the department receives a completed application and ends on the date the department issues the license or issues a written notice that the application is being proposed for denial; and

(3) the third time period of 135 calendar days begins on the date the department issues the written notice to the applicant as described in paragraph (1) of this subsection. If the applicant fails to submit the requested information or fee within this period, the department considers the application withdrawn.

(f) Reimbursement of fees:

(1) in the event the application is not processed within the time periods stated in subsection (e) of this section, the applicant has the right to make a written request within 30 business days after the end of the second time period that the department shall reimburse in full the fee paid in that application process; and

(2) if the department finds that good cause does not exist for exceeding the established periods, the request shall be approved, and the department shall notify the applicant in writing of the approval of the reimbursement within 30 business days after the department's decision.

§300.203. Access to Records.

(a) A person who is required to maintain records under this chapter or 21 United States Code (U.S.C.) §360i or §360j must maintain records on site for immediate inspection. Upon request by the department or the Texas Alcoholic Beverage Commission, the person must provide access to records for review or copying to verify that consumable hemp products are being produced in accordance with United States Department of Agriculture under 7 U.S.C. Chapter 38, Subchapter VII, or Texas Agriculture Code Chapter 121.

(b) A person regulated under Texas Agriculture Code Chapter 122 must provide the department with test results of hemp or hemp

products upon request. These results must show that the total delta-9 tetrahydrocannabinol concentration is not more than 0.3 percent on a dry weight basis.

(c) Records described in this chapter must be maintained for a period of no less than three years after the date the records are created.

(d) A consumable hemp manufacturer or processor must maintain the following records, as applicable:

(1) certificate of analysis (COA) of raw hemp and hemp ingredients in accordance with §300.301(b)(1) - (3) and §300.301(c) of this chapter (relating to Testing Required);

(2) COA of finished hemp products by batch number;

(3) source of ingredients, including:

(A) receiving records with address and contact information from suppliers, distributors, warehouses, or any person engaged in the business of making a consumer product directly or indirectly; or

(B) licensing documentation, if applicable, from the supplier's respective hemp or food regulating authority;

(4) batch production records;

(5) recalled product information;

(6) consumer complaints;

(7) other records required by the department, including corrective action logs, destruction logs, equipment calibration records, or other accurate reproductions of the original records, or electronic records; and

(8) master production records.

(e) Records must contain actual values and observations. Records must be accurate, permanent, legible, and created concurrently with performance of the activity documented. Records can be electronic. Records must be detailed enough to provide a history of work performed, and include:

(1) the name and, if more than one, the location of the plant or facility;

(2) the date and time of the documented activity

(3) the signature or initials of the person performing the activity; and

(4) the identity of the product and the batch number.

§300.204. Master Production Records.

(a) To ensure uniformity from batch to batch, one person must prepare, date, and sign with full handwritten signature, the master production records for each consumable hemp product, including batch size. A second person must independently check, date, and sign these records. The preparation of master production and control records must be described in a written procedure that the firm must follow.

(b) Master production records must include:

(1) the name and weight or measure of each ingredient;

(2) a complete list of ingredients;

(3) a statement of any calculated excess of a by-product; and

(4) complete manufacturing instructions and specifications.

§300.205. Batch Production Records.

Batch production records must be prepared for each batch of consumable hemp product produced and must include complete information regarding each batch. These records must include, if applicable:

- (1) the appropriate master product record, checked for accuracy, dated, and signed; and
- (2) documentation that each step in the manufacture, processing, packaging, or holding of the batch was accomplished, including:
 - (A) dates;
 - (B) identity of individual major equipment and lines used;
 - (C) weight and measure of ingredients;
 - (D) in-process results;
 - (E) laboratory control results, if applicable;
 - (F) inspection of the packaging and labeling area before and after use;
 - (G) statement of the actual yield;
 - (H) complete labeling records, including copies of all labeling used;
 - (I) any sampling performed;
 - (J) any investigation conducted;
 - (K) any destruction of tetrahydrocannabinol;
 - (L) any rework conducted; and
 - (M) certificate of analysis of hemp or hemp derivative used in the manufacture of a consumable hemp product.

§300.207. Recalls.

(a) Recall Procedures. All facilities engaged in the manufacture, processing, distribution, or retail sale of consumable hemp products must maintain written recall procedures. The recall procedures must describe the steps, assign responsibility, and include at a minimum:

- (1) identification of recalled products;
- (2) immediate removal and segregation of recalled products from sale and active inventory;
- (3) return holding, or disposal of recall products; and
- (4) notification to the public about any hazards presented by the product to protect public health.

(b) Recall plan. Manufacturers, distributors, or processors must establish a recall plan. The recall plan must include the following procedures:

- (1) directly notify the direct consignees of the hemp product, including how to return or dispose of the affected product;
- (2) notify the public about any hazards presented by the product to protect public health;
- (3) conduct effectiveness checks to verify that the recall is carried out; and
- (4) dispose of recalled product appropriately by reprocessing, reworking, diverting to a safe use, or destroying the product.

§300.208. Complaints.

(a) Each manufacturer or processor must maintain complaint files relating to product safety. Each manufacturer or processor must

establish and maintain procedures for receiving, reviewing, and evaluating complaints. The procedures must ensure that:

- (1) all complaints are processed in a uniform and timely manner;
- (2) oral complaints are documented upon receipt; and
- (3) complaints are evaluated to determine whether the complaint represents an event that must be reported to the FDA and the department.

(b) Each manufacturer or processor must review and evaluate all complaints to determine whether an investigation is necessary. All safety-related complaints must be investigated. If no investigation is made, the manufacturer or processor must maintain a record that includes the reason for not investigating and the name of the individual responsible for the decision.

(c) Any complaint about labeling or packaging not meeting specifications must be reviewed, evaluated, and investigated, unless a similar complaint has already been investigated and another investigation is not needed.

(d) The record of the investigation must include:

- (1) the name of the product;
- (2) the date the complaint was received;
- (3) the batch number and batch date of product used;
- (4) the name, address, and phone number of the complainant;
- (5) the nature and details of the complaint;
- (6) the dates and results of the investigation;
- (7) any corrective action taken; and
- (8) any reply to the complainant.

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**SUBCHAPTER C. TESTING OF
CONSUMABLE HEMP PRODUCTS**

25 TAC §§300.301 - 300.303

STATUTORY AUTHORITY

The amended sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, HSC §1001.075, which authorizes the executive commissioner of HHSC to adopt rules and policies for the operation and provision of health and human services by DSHS and for the

administration of HSC Chapter 1001, Texas Government Code §524.0005, and HSC §12.001, HSC Chapter 431, and HSC Chapter §443.051.

§300.301. Testing Required.

(a) Before a hemp plant is processed or otherwise used in the manufacture of a consumable hemp product, a representative sample must be tested to determine:

- (1) the concentration and identity of the cannabinoids, including all acids in the plant;
- (2) the presence and quantity of heavy metals, pesticides, microbial contamination, and other substances prescribed by the department;
- (3) the presence and concentration of d-9 THC, total d-9 THC, and total THC; and
- (4) a total delta-9 tetrahydrocannabinol concentration of 0.3% or less on a dry weight basis.

(b) Before a consumable hemp product, including hemp-derived ingredients used for further processing into another consumable hemp product, is sold at retail, distributed, or otherwise introduced into commerce in this state, a representative sample must be tested to determine:

- (1) the presence, concentration, and identity of cannabinoids;
- (2) the presence and concentration of d-9 THC, total d-9 THC, and total THC;
- (3) the presence and quantity of residual solvents, heavy metals, pesticides, and harmful pathogens; and
- (4) the total delta-9 tetrahydrocannabinol concentration is 0.3% or less on a dry weight basis.

(c) A certificate of analysis (COA) documenting tests conducted under this subchapter must:

- (1) be made available to the department upon request in an electronic format before manufacture, processing, or distribution into commerce; and
- (2) include measurement of uncertainty analysis parameters.

(d) The COA must contain, at a minimum, the following information:

- (1) laboratory name, address, and contact information;
- (2) hemp cultivator, hemp processor, or hemp manufacturer's name and address;
- (3) sampler identification;
- (4) sample identifying information, including matrix type;
- (5) lot identification number of sample;
- (6) sample received date and the dates of sample analyses and corresponding testing results;
- (7) units of measure;
- (8) analytical methods, analytical instrumentation used, and corresponding limits of detection (LOD) and limits of quantitation (LOQ);
- (9) expiration date;

(10) QR code on the COA verifying the authenticity of testing conducted at an accredited laboratory;

(11) measurement of uncertainty analysis parameters; and

(12) results of all requested analyses performed for the sample, including percentage of delta-9 THC, total delta-9 THC, and total THC per container.

(e) It is a violation if a person forges, falsifies, or alters the results of a laboratory test authorized or required by this chapter. Consumable hemp products found in violation of this subsection must be retested and are subject to detention or embargo under Texas Health and Safety Code §431.048.

(f) Expired COAs are not valid. Consumable hemp products with expired COAs must be retested and are subject to detention or embargo under Texas Health and Safety Code §431.048.

§300.302. Sample Analysis of Consumable Hemp Products.

(a) This chapter does not apply to low-THC cannabis regulated under Texas Health and Safety Code Chapter 487.

(b) Regardless of any other law, a person must not sell, offer for sale, possess, distribute, or transport a consumable hemp product in this state if the consumable hemp product contains any material extracted or derived from the plant *Cannabis sativa L.*, other than from hemp produced in compliance with 7 United States Code (U.S.C.) Chapter 38, Subchapter VII, and:

(1) a representative sample of the consumable hemp product has been tested by an accredited laboratory and found to have a total delta-9 THC concentration of 0.3% or less on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3% or less; and

(2) testing results are provided to the department upon request.

(c) The department must conduct random testing of consumable hemp products at various retail and other facilities that sell or distribute products to ensure the products:

- (1) do not contain harmful ingredients;
- (2) are produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII; and
- (3) have a total delta-9 THC content concentration level on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3% or less.

(d) Upon request by the department, the manufacturer, processor, distributor, or retailer of consumable hemp products must provide representative raw or finished consumable hemp product samples to the department. These samples must be provided at the licensee's or registrant's expense.

§300.303. Provisions Related to Testing.

(a) A consumable hemp product that exceeds the acceptable hemp THC level or is adulterated in a manner harmful to human consumption must not be sold at retail or otherwise introduced into commerce in this state.

(b) A hemp manufacturer, processor, distributor, and retailer must provide the results of testing required by §300.301 of this subchapter (relating to Testing Required) to the consumer, the Texas Alcoholic Beverage Commission, and department upon request.

(c) A license holder must not use an independent testing accredited laboratory unless the license holder:

(1) has no ownership interest in the accredited laboratory; or

(2) holds 10 percent or less ownership interest in the accredited laboratory if the accredited laboratory is a publicly traded company.

(d) A manufacturer, processor, or retailer must pay the costs of raw and finished hemp product testing in an amount prescribed by the accredited laboratory selected by the license holder.

(e) The department may require that a copy of the test results be sent directly to the department.

(f) A manufacturer, processor, and retailer must retain results from samples for at least three years from the date that testing results are received.

(g) A manufacturer and processor of consumable hemp products must conduct sampling and testing using acceptance criteria determined by the department.

(h) A manufacturer, processor, and retailer must ensure all products are tested for the most current list of analytes maintained by the department.

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SUBCHAPTER D. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

25 TAC §§300.402 - 300.407

STATUTORY AUTHORITY

The amendments and new sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, HSC §1001.075, which authorizes the executive commissioner of HHSC to adopt rules and policies for the operation and provision of health and human services by DSHS and for the administration of HSC Chapter 1001, Texas Government Code §524.0005, and HSC §12.001, HSC Chapter 431, and HSC Chapter §443.051.

§300.402. *Packaging and Labeling Requirements.*

(a) All consumable hemp products marketed as containing cannabinoids must, in addition to the requirements of §300.102 of this chapter (relating to Applicability of Other Rules and Regulations), be labeled in the manner provided by this section with the following information:

- (1) batch number;
- (2) batch date;
- (3) product name;
- (4) name of the product's manufacturer or processor;
- (5) telephone number and email address of manufacturer or processor;

(6) a uniform resource locator (URL) that provides or links to a certificate of analysis (COA) for the product or each hemp-derived ingredient of the product, including the amount of cannabinoid in each serving or unit of the product, the amount of total THC, and total delta-9 THC. The URL must:

- (A) be conspicuously marked; and
 - (B) directly link to a webpage where the required COA may be found in three or fewer steps; and
- (7) recommended serving size in milligrams and servings per container.

(b) Labels must include the following specific warnings:

- (1) keep out of reach of children;
- (2) product may contain tetrahydrocannabinol (THC) and can cause a user to fail a drug test;
- (3) all THCs have psychoactive properties;
- (4) pregnant or nursing women should consult a healthcare provider before use; and
- (5) this product has not been evaluated by the FDA.

(c) The label required by this section must appear on the outer packaging of each product intended for individual retail sale.

§300.403. *Retail Sale of Out-Of-State Consumable Hemp Products.*

A person selling consumable hemp products in Texas, that are processed or manufactured outside of Texas must comply with this chapter, and upon request, submit to the department evidence that the products were processed or manufactured in another state or a foreign jurisdiction in compliance with:

- (1) a state or tribal or jurisdiction's plan approved by the United States Department of Agriculture under 7 United States Code (U.S.C.) §1639p;
- (2) a plan established under 7 U.S.C. §1639q if that plan applies to the state or jurisdiction; or
- (3) the laws of a foreign jurisdiction if the products are tested in accordance with §300.301 of this chapter (relating to Testing Required), comply with acceptable hemp THC levels, and comply with federal regulations.

§300.405. *Packaging Requirements.*

Before selling or distributing a consumable hemp product, the product must be prepackaged or, at the time of sale, placed in packaging or a container that is:

- (1) tamper-evident;
- (2) child resistant; and
- (3) resealable, if the product contains multiple servings or includes multiple products purchased in one transaction, while keeping the child-resistant mechanism intact.

§300.406. *Packaging and Labeling Control.*

(a) There must be clear written procedures describing in sufficient detail the process for receipt, identification, storage, handling, and examination of labeling and packaging materials.

(b) Labeling and packaging materials must be examined upon receipt and before use in packaging or labeling of a consumable hemp product. All labels and packaging material meeting appropriate written criteria must be approved by a qualified individual as defined in 25 TAC §229.211(54) (relating to Definitions) and released for use. Any labeling or packaging materials that do not meet such criteria must be rejected to prevent use in unsuitable operations.

(c) Records must be maintained for each shipment received of each different labeling and packaging material indicating receipt, examination, and whether accepted or rejected.

(d) Obsolete or rejected labeling and other packaging must be destroyed.

(e) Labeling materials issued for a batch must be carefully examined for identity and conformity to the labeling specified in the master production records.

(f) Labeling not currently being applied must be stored in a manner to prevent mix-ups with active labeling and ensure appropriate use.

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SUBCHAPTER E. REGISTRATION FOR RETAILERS OF CONSUMABLE HEMP PRODUCTS

25 TAC §300.501, §300.502

STATUTORY AUTHORITY

The amended sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, HSC §1001.075, which authorizes the executive commissioner of HHSC to adopt rules and policies for the operation and provision of health and human services by DSHS and for the administration of HSC Chapter 1001, Texas Government Code §524.0005, and HSC §12.001, HSC Chapter 431, and HSC Chapter §443.051.

§300.501. *Registration Required for Retailers of Certain Products.*

(a) This chapter does not apply to:

(1) low-THC cannabis regulated under Texas Health and Safety Code Chapter 487; or

(2) products approved by the FDA, or recognized by the FDA under 21 Code of Federal Regulations Part 182, Substances Generally Recognized as Safe (GRAS).

(b) A person must not sell consumable hemp products at retail in Texas unless the person registers each location with the department. This includes any location owned, operated, or controlled by the person where consumable hemp products are sold.

(c) A person is not required to register with the department under subsection (b) of this section if the person is:

(1) an employee of a registrant; or

(2) an independent contractor of a registrant who sells the registrant's products at retail.

§300.502. *Application.*

(a) A person must register under this subchapter by submitting an application in the manner prescribed by the department.

(b) The owner, operator, or owner designee must submit an application that contains the following information:

(1) the name under which the business is operated;

(2) the mailing address of the facility;

(3) the street address of each location;

(4) the primary business contact telephone number;

(5) the phone number for each location;

(6) the primary business email address; and

(7) the written consent from the applicant or property owner, if the applicant is not the property owner, for the department, Department of Public Safety, Texas Alcoholic Beverage Commission, and other state or local law enforcement agencies to enter all premises where consumable hemp is manufactured, processed, sold, or delivered for physical inspection or to ensure compliance with this chapter.

(c) A retail hemp registration is valid for one year from the date displayed on the registration and must be renewed annually. An expired registration is not current or valid. A person must not sell at retail or offer to sell a consumable hemp product without a valid registration.

(d) An initial and renewal application for a retail hemp registration must be processed in the following time periods.

(1) The first time period of 45 calendar days begins on the date the department receives a completed application. If the department receives an incomplete application, the period ends on the date the department issues a written notice that the application is incomplete. The department must issue the written notice within 60 calendar days after receiving the incomplete application and describe the specific information or fee required before the application is considered complete.

(2) The second time period of 45 calendar days begins on the date the department receives a completed application and ends on the date the department issues the license or issues a written notice that the application is being proposed for denial.

(3) The third time period of 135 calendar days begins on the date the department issues the written notice to the applicant as described in paragraph (1) of this subsection. If the applicant fails to submit the requested information or fee within this period, the department considers the application withdrawn.

(e) Proof of registration from the department must be prominently displayed in a conspicuous location visible to the public.

(f) Applicants must submit an application for registration electronically through www.Texas.gov.

(g) All fees required by the department must be submitted with the application.

(1) A retail hemp registration or renewal fee of \$5,000 for each location is required before the sale of consumable hemp product.

(2) A person who files a renewal application after the expiration date of the current registration must pay an additional delinquency fee of \$1,000.

(3) A \$125 fee is required for any amendment during the registration period due to minor changes, such as change of location, change of name, or change of address.

(4) Fees are not prorated.

(h) Reimbursement of fees:

(1) in the event the application is not processed within the time periods stated in subsection (d) of this section, the applicant has the right to make a written request within 30 business days after the end of the second time period that the department reimburse in full the fee paid in that application process; and

(2) if the department finds that good cause does not exist for exceeding the established periods, the request shall be approved, and the department shall notify the applicant in writing of the approval of the reimbursement within 30 business days after the department's decision.

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SUBCHAPTER F. ENFORCEMENT

25 TAC §§300.601 - 300.606

STATUTORY AUTHORITY

The amended sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, HSC §1001.075, which authorizes the executive commissioner of HHSC to adopt rules and policies for the operation and provision of health and human services by DSHS and for the administration of HSC Chapter 1001, Texas Government Code §524.0005, and HSC §12.001, HSC Chapter 431, and HSC Chapter §443.051.

§300.601. *Violation of Department License or Registration Requirement.*

(a) A person commits a violation if the person manufactures, processes, distributes, sells, or otherwise introduces a consumable

hemp product into commerce without a license or registration required by the department under:

(1) §300.201 of this chapter (relating to Application for License or Renewal) for manufacturing, processing, or distribution of consumable hemp products; or

(2) §300.502 of this chapter (relating to Application) for the retail sale of consumable hemp products.

(b) Each day a violation continues or occurs counts as a separate violation when calculating an administrative penalty.

§300.603. *Detained or Embargoed Article.*

The department must attach a tag or other appropriate marking to an article that is a food, drug, device, cosmetic, or consumer commodity that gives notice that the article is, or is suspected of being, adulterated or misbranded. The department tags or marks any detained or embargoed article if the department finds or has probable cause to believe the article:

(1) is adulterated;

(2) is misbranded so that the article is dangerous or fraudulent under this chapter; or

(3) is in violation of Texas Health and Safety Code §431.084, §431.114, or §431.115.

§300.606. *Administrative Penalty.*

(a) The department may impose an administrative penalty against a person who violates this chapter.

(b) The department must notify a retailer of consumable hemp products of a potential violation and provide the registrant an opportunity to resolve unintentional or negligent violations after being notified by the department.

(c) The department assesses administrative penalties based upon one or more of the following criteria:

(1) the seriousness of the violation, including the nature, circumstances, extent, and gravity of any prohibited acts, and the hazard or potential hazard created to the health, safety, or economic welfare of the public;

(2) the history of previous violations;

(3) the amount necessary to deter future violations;

(4) the efforts to correct the violation; and

(5) any other matter that justice may require in relation to the violation.

(d) If the department determines that a violation has occurred, the department must issue a notice of violation. The notice must state the facts on which the determination is based. The notice must include an assessment of the penalty.

(e) The notice of violation must be in writing and be sent to the license holder or registrant by certified mail. The notice must include a summary of the alleged violation and a statement of the amount of the recommended penalty and must inform the person of a right to a hearing on the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty.

(f) Within 20 business days after the date the person receives the notice of violation, the person in writing may accept the determination and recommended penalty of the department or may make a written request for a hearing on the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty.

(g) If the person accepts the determination and recommended penalty, the department issues an order imposing the recommended penalty.

(h) If the person charged with the violation does not respond in writing within 20 business days after the date the person receives the notice of violation, the department may determine that a violation occurred and assesses the penalty. The department must issue an order requiring that the person pay the penalty.

(i) If the person requests a hearing, the department refers the matter to the State Office of Administrative Hearings.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 2, 2026.

TRD-202601069
Cynthia Hernandez
General Counsel
Department of State Health Services
Effective date: March 31, 2026
Proposal publication date: December 26, 2025
For further information, please call: (512) 719-3521



SUBCHAPTER G. RESTRICTIONS ON SALE TO MINORS

25 TAC §300.701, §300.702

STATUTORY AUTHORITY

The new sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, HSC §1001.075, which authorizes the executive commissioner of HHSC to adopt rules and policies for the operation and provision of health and human services by DSHS and for the administration of HSC Chapter 1001, Texas Government Code §524.0005, and HSC §12.001, HSC Chapter 431, and HSC Chapter §443.051.

§300.701. *Restriction on Sale to Minors.*

(a) A person is prohibited from delivering, selling, or offering to sell a consumable hemp product to a minor.

(b) A person who sells CHP must verify each purchaser's age by reviewing a valid proof of identification before completing the sale of any CHP.

(c) A valid proof of identification may include a driver's license issued by Texas or another state, a passport, or an identification card issued by a state or government agency. A valid proof of identification must meet the following criteria:

- (1) include a physical description and a photograph that matches the person's appearance;
- (2) provide the individual's date of birth;
- (3) be issued by a government agency; and
- (4) is not expired.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 2, 2026.

TRD-202601070
Cynthia Hernandez
General Counsel
Department of State Health Services
Effective date: March 31, 2026
Proposal publication date: December 26, 2025
For further information, please call: (512) 719-3521



TITLE 34. PUBLIC FINANCE

PART 1. COMPTROLLER OF PUBLIC ACCOUNTS

CHAPTER 20. STATEWIDE PROCUREMENT AND SUPPORT SERVICES

SUBCHAPTER E. SPECIAL CATEGORIES OF CONTRACTING

DIVISION 1. STATE SUPPORT SERVICES - MAIL AND PRINTING

34 TAC §20.382

The Comptroller of Public Accounts adopts amendments to §20.382, concerning printing, without changes to the proposed text as published in the January 9, 2026, issue of the *Texas Register* (51 TexReg 195). The rule will not be republished.

The comptroller amends subsection (a) to remove unnecessary language that merely recites the statute. The revised language provides that §20.382 does not apply to institutions of higher education. The revised language aligns this section with Government Code, §2172.003(d).

The comptroller amends subsection (b) to streamline language. The revised language provides that the comptroller may assess and evaluate printing operations of state agencies and make recommendations to increase productivity and cost-effectiveness.

The comptroller amends subsection (c) to remove the outdated Council on Competitive Government's (CCG) Cost Methodology as a baseline for evaluating and comparing cost of state agency printing operations. CCG has been abolished. The new language provides all state agency print shops in Travis County shall operate under an interagency contract, and an interagency contract is the sole method through which the comptroller will authorize a state agency in Travis County to operate a print shop.

The comptroller amends subsection (d) to provide that the comptroller's review of print shop equipment purchases under §20.382 is optional. Subsection (d) now states that the comptroller may review state agency requisitions for new print shop equipment, including copiers and other printing devices. The new language also provides instruction on how to initiate the review, and lists written documentation the state agency may provide the comptroller for review. It eliminates items the comptroller will no longer review, because it is duplicative or irrelevant to the comptroller's

Exhibit 4

Demonstrative Chart of Challenged Rules

25 Tex. Admin Code §	Regulatory Effect	Causes of Action / Legal Defects	Relief Requested
All Listed Below	See below for each rule.	APA violations: Adopted in violation of Tex. Gov't Code § 2001.022 (failure to prepare required local employment impact statement after acknowledging economic effects), § 2006.002 (failure to provide a meaningful, reasoned explanation of less burdensome alternatives after acknowledging significant adverse economic impact on small businesses), and § 2001.033 (failure to provide a reasoned justification and fair response to material statutory objections raised in comments).	See below for each rule.
Total-THC Compliance Framework 300.101(1), 300.101(45), 300.301(a)(4), 300.301(b)(4), 300.302(b)(1), 300.303(a)	Replaces the Legislature's delta-9 THC standard with a "total delta-9 THC" metric that converts THCA and makes that metric the controlling compliance standard for testing, manufacture, distribution, and sale	Ultra vires / statutory conflict: Exceeds authority under Tex. Health & Safety Code § 443.051 by substituting an agency-defined compliance standard for the Legislature's delta-9 THC standard, in conflict with Tex. Agric. Code § 121.001 and Tex. Health & Safety Code §§ 443.151(d), 443.152(a).	Declare invalid and enjoin enforcement to the extent these provisions condition legality on total delta-9 THC rather than delta-9 THC concentration.
Transport / Upstream Material Restrictions 300.206(c), 300.404	Prohibits transport into Texas of hemp-derived materials exceeding the agency-defined THC metric, including materials intended solely for further processing into lawful products	Ultra vires / statutory conflict: Exceeds delegated authority under Tex. Health & Safety Code § 443.051 by regulating upstream materials beyond Chapter 443 and intruding into subject matter addressed by Tex. Agric. Code §§ 122.051 and 122.055.	Declare invalid and enjoin enforcement of transport restrictions.

<p>Fee and Licensing Regime 300.202(c), 300.502(g)</p>	<p>Imposes dramatically increased licensing and registration fees, ownership-change fees, and increased delinquency penalties</p>	<p>Ultra vires / statutory conflict: Exceeds authority under Tex. Health & Safety Code §§ 443.051 and 443.2025 by imposing fees that are not reasonable or tied to administrative costs.</p> <p>Unconstitutional (occupation tax): Imposes revenue-raising exactions in violation of Tex. Const. art. VIII, § 1(c); <i>see Tex. Boll Weevil Eradication Found., Inc. v. Lewellen</i>, 952 S.W.2d 454, 461–62 (Tex. 1997).</p>	<p>Declare invalid and enjoin assessment or collection of fees.</p>
<p>Penalty Accrual Framework 300.601(b)</p>	<p>Treats each day as a separate violation without meaningful opportunity to cure</p>	<p>Ultra vires / statutory conflict: Conflicts with Tex. Health & Safety Code § 443.201(b), which requires fair notice and an opportunity to cure unintentional or negligent violations.</p> <p>Unconstitutional (due course of law): Authorizes severe and compounding sanctions without meaningful procedural safeguards (Tex. Const. art. I, § 19; <i>Univ. of Tex. Med. Sch. v. Than</i>, 901 S.W.2d 926, 930 (Tex. 1995)).</p> <p>Unconstitutional (excessive fines): Creates a disproportionate and escalating penalty structure (Tex. Const. art. I, § 13; <i>Pennington v. Singleton</i>, 606 S.W.2d 682, 690–91 (Tex. 1980)).</p>	<p>Declare invalid and enjoin enforcement of daily penalties and revocation without statutory safeguards.</p>

Exhibit 5

Affidavit of Mark Bodas
(on behalf of THBC)

AFFIDAVIT OF MARK EDWARD BORDAS

BEFORE ME, the undersigned authority, on this day did personally appear Mark Edward Bordas, known to me to be the person executing this affidavit, and upon being duly sworn upon his oath did state as follows:

1. “My name is Mark Edward Bordas. My date of birth is October 5, 1964, and my business address is 1112 Wild Basin Ledge, West Lake Hills, Texas 78746. I declare under penalty of perjury that the following is true and correct. I am over 21 years old, of sound mind, and am competent to make this declaration. I have never been convicted of a felony or any crime involving a dishonest act or false statement. All statements contained in this declaration are based on my personal knowledge.
2. I am the Executive Director for Texas Hemp Business Council (“THBC”), a named Plaintiff in this Original Verified Petition and Application for Temporary Restraining Order and Permanent Injunction. The statements contained therein as related to THBC are based on my personal knowledge and I verify that they are true and correct.
3. I am personally familiar with the Texas hemp industry, its regulatory history, the businesses that comprise it, and the economic and community impact of state and federal hemp regulations. I make this Affidavit based on my personal knowledge, my role at the THBC, and information provided to me by THBC members.
4. I have reviewed the newly enacted rules issued by Texas Department of State Health Services and/or Texas Health and Human Services Commission, effective beginning March 31, 2026, which purport to regulate the sale and distribution of consumable hemp products in Texas, including but not limited to those rules challenged through this legal action (the “Challenged Rules”).
5. THBC’s core organizational purpose is to represent and advocate for the interests of businesses participating in the lawful hemp and CHP industry in Texas. THBC is a Texas nonprofit trade association representing a broad cross section of participants in the lawful cultivation of hemp and consumable hemp products (“CHP”) industry, including licensed growers, processors, manufacturers, distributors, and retailers in Texas. THBC currently represents between 50 and 100 member businesses across the State of Texas. Collectively, our member businesses employ hundreds of Texans and generate hundreds of millions of dollars in economic activity throughout the state.
6. THBC members have invested significant capital in establishing lawful hemp businesses in Texas, relying on the existing statutory and regulatory framework, including the Federal Agriculture Improvement Act of 2018, the 2019 Texas Farm Bill, and the rules and guidance previously issued by Texas regulatory authorities, to conduct lawful business operations. The consumable hemp industry has a significant, positive impact on the Texas economy. See Exhibit A (2025 Hemp Economic Report prepared by THBC showing at \$10.78 billion total impact, including \$268 million in sales tax revenue collected by the State, \$2.10 billion in wages paid, supporting employment of over 53,000 workers).


7. THBC's members operate throughout Texas and are directly regulated by the CHP's statutory and regulatory framework found in Chapter 443 of the Texas Health and Safety Code, including the implementing rules in 25 Texas Administrative Code Chapter 300, and the enforcement mechanisms incorporated into the Texas Health and Safety Code ("HSC").
8. THBC, on behalf of its members, does not contest newly-enacted rule provisions directed at consumer protection and public safety, including age-verification requirements, labeling requirements, and related safeguards that fall within the agencies' delegated authority. Rather, this action is directed at discrete provisions that exceed statutory limits by redefining lawful hemp, expanding regulatory scope, and imposing unauthorized economic burdens.
9. Based on my personal knowledge and communications with THBC's members, the Challenged Rules and their threatened enforcement will directly impair THBC's mission and the legal rights and economic interests of its members in multiple ways. The Challenged Rules impose new testing requirements, transportation restrictions, packaging and labeling obligations, expanded documentation and certificate-of-analysis tracking, batch-level recordkeeping, continuous verification of compliance with the non-statutory "total delta-9 THC" level, and exponentially higher licensing and registration fees as conditions of continued lawful operation on THBC's members. These provisions immediately affect THBC's member's inventory, testing protocols, supply chains, compliance practices, and economic interests due to increased compliance costs, disruption of supply chains, and the potential need to cease or relocate operations.
10. The interests asserted in this action are germane to THBC's purpose. THBC's membership includes manufacturers, processors, distributors, and retailers of CHPs who are directly affected by the Challenged Rules. THBC members therefore have standing to bring this suit in their own right. The claims asserted in this legal action, however, concern the validity and enforceability of agency rules at large and do not depend on the Challenged Rules' application to any specific individual member or any individual member's participation. The prospective injunctive relief sought, if granted, will apply uniformly to THBC's members without requiring individualized proof.
11. Many THBC members are small and medium-sized businesses that do not have significant financial reserves. The sudden imposition of restrictive and burdensome regulations without adequate notice, transition periods, or compensation mechanisms poses an existential threat to a significant portion of our membership.
12. The Challenged Rules restrict or prohibit the transport of hemp-derived ingredients and intermediate materials into and throughout Texas based on a "total delta-9 THC" metric, even where those materials are derived from lawful hemp and would yield finished products that satisfy the statutory definition of a lawful consumable hemp product. As a result, the manufacturer members of THBC are unable to obtain from Texas growers and processors the inputs necessary to continue their current manufacturing operations within Texas, forcing them to either cease in-state manufacturing operations or to relocate those operations outside the state.

13. At each stage of the consumable hemp industry in Texas, THBC's members are being economically hurt by the Challenged Rules. For THBC's members, these requirements significantly increase the cost of production, delay product release, require additional personnel and administrative infrastructure, and expose regulated entities to heightened risk of enforcement for technical or inadvertent noncompliance. For many market participants, particularly small and mid-sized businesses, these cumulative compliance burdens render continued operation economically infeasible.
14. If THBC's members alter their business operations to comply with the 2026 Challenged Rules, it will immediately result in significant economic harm, including lost profits, wasted products, a reduction in overall operations, and resulting business closures, reductions in employment, inventory loss, and long-term industry harm.
15. THBC has attempted to engage with the Texas Department of State Health Services and Texas Health and Human Services Commission, through the regulatory process, including submitting correspondence attached hereto as Exhibit B (January 2025 letter to DSHS regarding rulemaking) and Exhibit C (March 2026 letter to DSHS and HHSC regarding compliance timelines). Despite these good-faith efforts, the agency has failed to meaningfully engage with industry concerns and proceeded to finalize rules that will devastate the industry.
16. I am personally familiar with THBC's involvement, and the involvement of its members, in the legislative process concerning Senate Bill 3 ("S.B. 3") during the 89th Texas Legislature. THBC actively monitored and participated in the legislative process relating to S.B. 3 and communicated regularly with its members regarding the bill and its potential impact. Based on my knowledge and communications with members, a substantial number of those comments expressed opposition to the bill and concern regarding its impact on lawful businesses.
17. Many THBC members participated in legislative hearings concerning S.B. 3, including by appearing in person to testify before legislative committees and/or registering positions on the bill with the Legislature—in significant opposition to the bill. These members communicated directly with THBC regarding their opposition to S.B. 3 and their concerns about potential restrictions on the lawful hemp industry. THBC also received significant feedback from its members during this time, reflecting widespread concern about proposed legislative changes to the regulation of consumable hemp products.
18. Additionally, during the 2025 legislative session, polling conducted of Texas voters demonstrated that a majority want what THBC has advocated for: responsible regulation but not a ban of THC consumable hemp products. *See* Exhibit A (showing poll results, including from Republican primary voters).
19. THBC respectfully requests that this Court grant the requested temporary restraining order and temporary injunction enjoining the Defendants from enforcing or implementing the Challenged Rules pending a final resolution of this matter. In the absence of this injunctive relief, THBC's members will be immediately and irreparably harmed.

20. I am willing to testify at any hearing the Court deems necessary to present these facts or any additional facts in support of the requested relief.

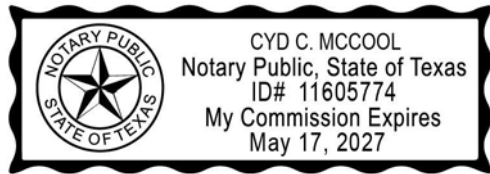
Further affiant sayeth not.

Signed on the 7th day of April 2026.


Mark Edward Bordas,
Executive Director for
Texas Hemp Business Council

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned authority, by Mark Edward Bordas on April 7th, 2026.



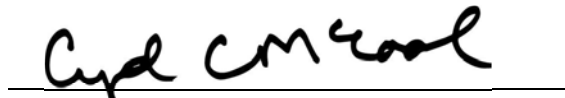

Notary Public in and for the State of Texas

Exhibit 5.A

Hemp Economics and Polling Data

2025 Hemp Economic Impact

Whitney Economics Report, March 2025



This data is derived from a report by Whitney Economics. Key findings show that the hemp cannabinoid industry is a major economic driver in Texas—supporting tens of thousands of jobs, offering competitive wages, and fueling a robust national supply chain. Highly restrictive policies would cause significant harm to the Texas economy, putting businesses, workers, and revenue at risk.

Key Metrics - 2025 Projections



\$10.78 billion total economic impact

Driven by a 2.4x multiplier (for every \$1 spent, it is re-invested 2.4x's into the local economy)

\$5.55 billion in total annual revenue

From licensed hemp businesses

\$4.28 billion from retail

From 7,550 stores

\$309 million from wholesale

\$956 million from manufacturing

\$268 million in state sales tax revenue

At a 6.25% tax rate (statewide, absent local option tax)

\$2.10 billion in wages

53,382 jobs supported

Growth from FY 2023-2024



Employment: ↑ 3,200 jobs (from 50,100 to 53,300)



Wages: ↑ \$500 million (from \$1.6B to \$2.1B)



Retail revenue: ↑ \$1.0 billion (from \$3.3B to \$4.3B)

What's at Risk



6,341 business closures or relocations to other states



1.59B in lost wages



40,201 job losses



\$4.21B decline in statewide revenue

Texas Hemp Polling Data



Texans Want Regulation, Not Prohibition

Polling from 2025 shows strong, bipartisan support for keeping THC products legal with regulation. Majorities across party lines—Republicans, Independents, and Democrats—oppose bans and favor access, especially for veterans. Voters also express concern that prohibition will fuel black markets, empower cartels and the likelihood of increased fentanyl poisonings.

The message is clear: Texans want smart, regulated access to hemp products—not government overreach or unworkable bans.

March 2025 Baselice Poll: Targeting General Electorate

- 68% support keeping THC legal in Texas, but regulated.
- 57% of Republican voters support allowing THC to remain legal, and only 29% want it banned.
- 80% of Democratic voters prefer THC to remain legal, while only 10% want it banned – an eight-to-one ratio, while 72% Independents want it to remain legal versus 17% ban outright.

June 2025 Ragnar Research Partners Poll: Targeting Republican Primary Voters

- 47% of Texas Republican primary voters oppose banning hemp, while 37% support a ban and 16% said they don't know.
- 45% oppose banning THC, while 35% support a THC ban and 21% don't know.
- More than two-thirds of Republican primary voters (72%) believe military veterans should be able to access THC products as an alternative to opioids.
- 53% of Republican primary voters believe a ban will create opportunities for drug cartels.
- 55% of Republican primary voters believe a ban will increase black market sales.

June 2025 Fabrizio, Lee & Associates Poll: Targeting General Electorate

- 70% of voters agree THC products should remain available with regulations: 59% Republicans; 73% Independents; 83% Democrats.
- 61% of Texans oppose Gov. Abbott signing SB 3 into law.
- 41% of voters say they're less likely to vote for legislators who voted for the ban.
- 52% of voters are aware of the ban and of those, 57% say it made them feel "less favorable" toward the Texas Legislature.

**Baselice - The Lt. Governor's own pollster.

**Ragnar - A leading Republican pollster in Texas and nationally - purposely limited to RPVs knowing that plurality would suffer, proving even ardent Republicans oppose an outright ban.

**Fabrizio - President Trump's preferred pollster.

Exhibit 5.B

January 2026 Letter to DSHS



January 16, 2026

To the Department of State Health Services (the “Department”):

The Texas Hemp Business Council (THBC) was founded to unify and protect all parts of the hemp industry in Texas. THBC members include Texas farmers, processors, manufacturers, retailers, veterans-owned businesses, and small enterprises operating across urban and rural communities, many of which were induced by prior legislative action to invest, hire, and build compliant supply chains within Texas. The THBC appreciates the opportunity to offer formal comments on the Department’s proposed revisions to the Consumable Hemp Products rules (25 TAC Chapter 300), published in response to Governor Abbott’s Executive Order GA-56.

The THBC’s comments are offered constructively and in good faith, with full respect for the Department’s public health mission and a shared commitment to protecting minors, ensuring product safety, and maintaining alignment with both state and federal law. While the THBC supports thoughtful regulation, several provisions in the proposed rules impose disproportionate and economically destabilizing burdens, undermine lawful adult access, and conflict with fundamental principles of administrative and constitutional law. Moreover, as currently drafted, the proposed rules would have a material adverse impact on many of these Texas-based hemp businesses, particularly small, rural, minority-owned, and veteran-operated enterprises that lack the scale or capital cushion to absorb sudden regulatory cost increases or operational uncertainty. The Department’s acknowledgment of adverse economic impact in the rule preamble underscores the likelihood of business closures, reduced in-state production, job losses, and diminished tax receipts may result in a net fiscal loss to the State of Texas.

For example, the dramatic escalation in licensing and registration fees, by nearly 10,000% for licenses and over 13,000% for retail registrations (based on respective increases from \$250 to \$25,000 and from \$150 to \$20,000)—coupled with vague standards and discretionary enforcement mechanisms, risks driving otherwise compliant businesses out of the lawful market. These closures would not be a result of public health or product safety violations, but rather due to regulatory inaccessibility and economic infeasibility. Such draconian outcomes contradict GA-56’s direction to enact rules supporting a lawful

consumable hemp market and, instead, jeopardize local economic ecosystems. The arbitrariness of the proposed fees is underscored by comparison to other regulated consumer products in Texas. See Exhibit 1, attached. For example, alcohol manufacturers and wholesalers pay approximately \$3,000–\$4,000 every two years, and package stores pay \$1,800 every two years. Tobacco manufacturers pay \$300 per year and retailers \$180 every two years.

The proposed rules will also endanger the in-state supply chain, affecting growers, processors, testing laboratories, distributors, and retailers through new regulations like the following:

- Requirements extending to intermediate goods or work-in-progress materials, which create uncertainty in batching, testing, and production sequencing.
- Daily monetary penalties without cure periods, which may trigger compounding fines, even where operators are acting in good faith or are actively curing minor violations.
- Unclear extraterritorial application of rules to non-Texas operators, which will generate legal and logistical confusion for national commerce.

The language, while potentially well intentioned, carries significant regulatory burdens that will delay production, increase consumer costs, chill capital investment, and threaten the ability of lawful hemp businesses to compete against illicit or out-of-state operators. Critically, destabilizing Texas’s lawful supply chain does not reduce consumer demand, it merely pushes commerce into unregulated, out-of-state, or black-market channels, directly undermining the Department’s stated goal of public health and safety and contradicting GA-56.

The proposed rules also raise serious concerns for law-abiding adult consumers, including veterans who rely on hemp-derived products for wellness, sleep, anxiety management, and pain relief. GA-56 explicitly contemplates protecting minors while preserving the liberty of adults. However, regulatory structures that effectively reduce product availability, inflate prices, or eliminate local retail access function as de facto restrictions on adult choice regarding products otherwise deemed lawful. Veterans in particular represent a population that has consistently sought hemp-derived alternatives in the absence of accessible or desirable pharmaceutical options. Policies that indirectly restrict access without a clear nexus to public safety or the protection of minors would only serve to alienate a community that Texas has historically sought to support through pragmatic, liberty-respecting policy.

Legal and Administrative Concerns

Against this backdrop of real-world economic and consumer impact, the THBC believes several provisions of the proposed rules exceed the Department’s statutory authority, run afoul of both the Texas and United States Constitutions, and for those reasons, depart from the clear directives of GA-56. These concerns are identified below.

1. Exceeding Statutory Authority: Risk of Ultra Vires Regulation

The rulemaking authority delegated by the Legislature to the Department under Title 6 of the Texas Health and Safety Code (“HSC”) is not absolute. Rather, in accordance with the separation of powers doctrine, the Department’s authority is cabined by the substantive and procedural limitations provided by the governing statutes. It is well-established under Texas law that agency

actions taken in excess of or conflicting with the bounds of a legislative-grant of authority are considered ultra vires and not protected by sovereign immunity. See, e.g., *Van Boven v. Freshour*, 659 S.W.3d 396, 402 (Tex. 2022); *Houston Belt & Terminal Ry. Co. v. City of Houston*, 487 S.W.3d 154, 164, 169 (Tex. 2016); *Railroad Comm'n of Tex. v. Lone Star Gas Co.*, 844 S.W.2d 679 (Tex. 1992). For example:

- **Section 300.101(20)** defines “hemp” using a “total” delta-9 THC measurement, contrary to HSC § 481.002(26)(F), which incorporates the definition of “hemp” from Agriculture Code § 121.001, meaning “any part” of the *Cannabis sativa L.* plant “with a delta-9 [THC] concentration of not more than 0.3 percent on a dry weight basis.” Importantly, GA-56 did not direct DSHS to change the definition of hemp, but to “[r]evis[e] testing requirements under 25. T.A.C. §§ 300.301-300.303 to ensure that tests measure the total delta-9 THC content of a hemp-derived product” .

The Department cannot attempt to impliedly ban or control hemp-derived cannabinoids through agency rulemaking in a manner that conflicts with the express delegation of legislative authority. The proposed change to Rule 300.101(20) violates this standard.

- **Section 300.501(b)** deletes the limitation that retail registration applies only to products “containing CBD,” and instead requires registration to sell any consumable hemp products at retail. However, HSC § 443.2025(b) is narrower, requiring registration only for retail locations selling “consumable hemp products containing cannabidiol [CBD],” and the fee schedule authority in § 443.2025(f) is likewise tied to locations where “consumable hemp products containing cannabidiol [CBD] are sold.” Again, the Department cannot enact rules that exceed or conflict with the Legislature’s limited grant of authority.
- **Section 300.502(f)** sets a \$20,000 per location annual registration/renewal fee, but HSC § 443.2025(f) authorizes only a fee schedule establishing “reasonable fee amounts” for registration. Here too, the Department fails to adhere to the bounds of its legislatively delegated rulemaking authority.
- **Section 300.601(b)** purports to count each day a violation continues as a separate violation; however, HSC § 443.201 requires the Department to provide retailers fair notice of a potential violation and an opportunity to cure. The proposed rule may conflict with the statute insofar as there is no feasible method by which the Department could provide adequate notice and opportunity to cure on a daily basis.
- **Section 300.206(c)** exceeds Chapter 443 by imposing a border transport control on ingredients, which is a subject the legislature addressed through the Agriculture Code’s cultivation and handling framework, not through Chapter 443’s CHP product standards. Chapter 443 contains no clear delegation authorizing DSHS to prohibit the importation or transport of raw hemp-derived substances for further processing based on a DSHS-defined “acceptable hemp THC level,” particularly where the regulated material has not yet been offered for sale as a CHP.
- **Section 300.702** authorizes the Department to revoke a retail hemp registration based on a single sale to a minor, but the Legislature has separately mandated that, by rule, retailers must receive fair notice of a potential violation and an opportunity to cure made unintentionally or negligently. Accordingly, to the extent § 300.702 is applied to permit revocation of a retailer’s registration for an unintentional or negligent sale-to-minor

violation without first providing the statutory notice-and-cure opportunity, the rule conflicts with statute.

2. Constitutional Issues: Occupation Taxes, Excessive Fines, and Due Process

The Texas Constitution prohibits certain occupational taxes, particularly when imposed by a regulatory agency. *Texas Boll Weevil Eradication Foundation, Inc. v. Lewellen*, 952 S.W.2d 454 (Tex. 1997) (holding the primary distinction between a permissible regulatory fee and an unconstitutional occupation tax is whether or not the fee is assessed “only in an amount reasonably necessary to fund the State’s regulation of [the] industry.”) Accordingly, GA-56 directed DSHS to “[r]evis[e] application and renewal fees under 25 T.A.C. § 300.202 for hemp manufacturer and hemp retailer licenses to reflect the full regulatory and enforcement costs incurred by the State[.]” In addition, both the Texas and U.S. Constitutions prohibit excessive fines and guarantee due process. These protections are implicated by the proposed:

- **Section 300.202(c)** increases initial and renewal license fees from \$250 to \$25,000 with no reasonable relationship to the costs of the State’s regulation of the industry.
- **Section 300.502(f)** likewise increases retail registration and renewal fees from \$150 to \$20,000, an amount that exceeds what is reasonably needed for regulation.
- **Section 300.601** purports to count each day a violation continues as a separate violation, which could result in disproportionate and unconstitutionally excessive fines and violations of due process.

3. Federal Preemption and Interstate Commerce

The 2018 Farm Bill expressly protects interstate commerce in hemp and hemp products and forbids states from prohibiting the transportation or shipment of hemp or hemp products produced in accordance with federal law.

- **Section 300.206(c)** provides that substances with “total” delta-9 THC above the “acceptable hemp THC level” may not be transported into Texas for further processing, in violation of this federal protection. Additionally, as explained above, the modification on which this new rule is based (in proposed Rule 300.101(20)) further violates state law.

Conclusion

The THBC respectfully urges the Department to revise the proposed rules to bring them into clear alignment with the legal boundaries established under Chapter 443 of the Texas Health and Safety Code and the Texas and U.S. Constitutions. Further, permanent regulatory frameworks should not be tethered to temporary or evolving federal interpretations, such as those currently under review by the DEA or subject to executive discretion, as doing so would undermine regulatory certainty and expose Texas to unnecessary federal dependency.

Instead, the Department should ensure that enforcement mechanisms are grounded in objective, transparent, and proportional criteria, and that any determinations regarding fee reimbursement or licensing actions are not left to unfettered administrative discretion. In the interest of public accountability and economic transparency, the THBC also urges the Department to publish the specific

fiscal methodology and assumptions used to calculate the predicted fiscal impacts—both revenues and costs—of the proposed rules.

We respectfully urge DSHS to revise the draft rules to:

- Align with the statutory boundaries of Chapter 443 and the directives of GA-56;
- Avoid tethering long-term regulations to uncertain or temporary federal interpretations;
- Protect Texas’ regulatory autonomy and uphold constitutional guarantees;
- Use objective criteria for enforcement and reimbursement decisions; and
- Publish the fiscal methodology used to justify the \$200 million estimated annual economic impact.

The THBC appreciates the Department’s efforts thus far and welcomes the opportunity to collaborate on constructive revisions that ensure public safety, uphold the law, and support a robust Texas hemp economy.

Respectfully Submitted,

Mark Bordas, Executive Director, Texas Hemp Business Council

Comparative Fee Evidence (Exhibit 1)

Product Category	License Type	Current Fee	Proposed DSHS Fee	Governing Law
Consumable Hemp	Manufacturer / Distributor	\$258 / year	\$25,000 / year	HSC §443.102; 25 TAC §300.104
	Retail Registration	\$155 / year	\$20,000 / year	HSC §443.2025
Alcohol (TABC)	Manufacturer / Wholesaler	\$3,000–4,000 / 2 yrs	No change	Alcoholic Beverage Code
	Package Store Permit	\$1,800 / 2 yrs	No change	TABC
Tobacco	Manufacturer / Distributor	\$300 / year	No change	Tex. Tax Code §154
	Retailer	\$180 / 2 yrs	No change	Comptroller
Kratom	All	Covered by food permits	No special license	HSC Ch. 431

Exhibit 5.C

March 2026 Letter to DSHS/HHSC



March 27, 2026

Ms. Rachael Hendrickson,
Chief of Staff
Department of State Health Services

Ms. Jordan Hill,
Government Affairs Director, DSHS

**Re: Request for Implementation Guidance and Transitional Enforcement Framework,
Consumable Hemp Product Rules Effective March 31, 2026**

Ms. Hendrickson, Ms. Hill —

On behalf of the Texas Hemp Business Council (THBC) and its members, we write to respectfully request immediate implementation guidance and a meeting with you in connection with the consumable hemp product rules scheduled to take effect on March 31, 2026.

At the outset, we want to be clear and precise in our posture that this meeting request is not a concession as to the validity of the adopted rules, nor does it waive or diminish any legal positions or rights currently being evaluated or pursued by industry stakeholders. Rather, it is a practical, time-sensitive request of critical importance, focused on how the rules will be implemented responsibly in the immediate term, given the significant operational, legal, and public-facing

consequences that will occur upon the effective date, including impacts to existing investment, Texas-based jobs, and ongoing business operations.

The immediacy of the March 31, 2026, implementation presents issues that extend well beyond a standard regulatory transition. As structured, the enforcement framework presents significant operational and compliance challenges, even for responsible, compliant industry actors, let alone smaller retail operators, all of whom face real-world consequences that will occur immediately absent clear, administrable implementation guidance. In practical terms, this means Texas-based businesses may be forced to cease operations based on inventory that that was lawfully produced and acquired prior to the effective date. Moreover, there are military veterans who depend on these products (as a better alternative to the undesirable use of opioids) for relief from PTSD, insomnia, and other symptoms, as well as many other adults who rely on these products that will experience abrupt disruption in access. Additionally, operators may be exposed to potential enforcement risk as a result of a regulatory shift occurring on a timeline measured in days, not months.

Request for Immediate Implementation Guidance

Given the timing, formal rulemaking is unlikely to provide relief before the effective date. Accordingly, we respectfully request that HHSC and DSHS provide informal implementation guidance addressing the following individual areas within existing agency discretion:

1. Sell-Through of Existing Inventory

HB 1325 (2019) appropriately contemplated a sell-through framework for inventory lawfully held prior to the effective date of the rules associated with passage. Consistent with that legislative structure, we respectfully request confirmation that consumable hemp retailers, manufacturers, and other industry operators may sell through existing inventory acquired prior to March 31, 2026, provided such products remain within the statutory delta-9 THC threshold and otherwise comply with the pre-existing statutory requirements.

In our view, the suggested approach aligns with the statutory framework and provides a practical, administrable pathway to facilitate an orderly transition.

2. Packaging and Labeling Transition Period

The newly adopted packaging and labeling requirements present practical challenges given supply chain limitations and production timelines for compliant packaging, which are often measured in weeks or months rather than days. In light of these constraints, we respectfully request guidance confirming a reasonable transition period to allow for orderly updates to packaging and labeling, recognition of interim compliance measures such as over-labeling or the use of resealable packaging solutions, and clarification of acceptable child-resistant packaging standards, particularly as applied to non-traditional product formats such as beverages, topicals and sprays.

3. Enforcement Prioritization and Good-Faith Compliance

We respectfully request guidance confirming an enforcement approach during the initial implementation period that appropriately accounts for the realities of transition. Specifically, issuing clear agency guidance, confirming that enforcement will prioritize clearly unsafe or materially noncompliant products, while taking into account documented good-faith efforts by licensed and registered operators to comply with the new requirements, will provide seriously needed certainty. Additional agency guidance on inspection practices and the application of penalties during this period would further support consistent and predictable implementation, rather than an immediate strict-liability posture that may not reflect the operational constraints inherent in the dramatically compressed compliance timelines.

More broadly, the issuance of agency guidance would provide implementation clarity without requiring the agency to revisit or amend the underlying rules. The approach would align with the legislative framework established under HB 1325, support practical compliance across a diverse and evolving marketplace, and advance public health and safety objectives in a manner that

is both transparent and administrable. Providing this type of near-term guidance would also help ensure continuity in regulated channels, maintain visibility into product safety and compliance, and support efficient allocation of agency enforcement resources during the transition period.

Need for Immediate Engagement

Given the effective date of March 31, the timing of these issues is measured in days. As a result, informal implementation guidance represents the only viable mechanism to address these concerns in the near term. We respectfully request prompt written guidance addressing the areas outlined above, as well as a meeting with both of you at your earliest availability to discuss implementation in a coordinated and solutions-oriented manner.

Providing clear and timely agency guidance would allow the State to maintain its regulatory authority while supporting an orderly transition and avoiding unintended consequences, including the displacement of compliant Texas businesses in favor of out-of-state or unregulated actors, disruption to supply chains that support product transparency and safety, and unnecessary economic and enforcement strain on both industry participants and agency resources.

THBC stands ready to engage constructively with the agency, as well as the executive and legislative branches of government to support rational, rules implementation that is clear, enforceable, and consistent with the governing statutory framework.

Conclusion

We appreciate the complexity of the issues before the agency and the work that has gone into the rulemaking process. Our objective is to ensure that implementation proceeds in a manner that is practical, orderly, and consistent with governing law, while preserving the ability of all parties to address broader legal and policy considerations through appropriate channels. We look forward to your guidance and to continued engagement.

Respectfully,

Mark Bordas, Executive Director
Texas Hemp Business Council (THBC)

CC: Dr. Jennifer A. Shuford, Commissioner, DSHS
Stephanie Muth, Executive Commissioner, HHSC

Exhibit 6

Affidavit of Brian Swensen
(on behalf of HIFA)

AFFIDAVIT OF BRIAN SWENSEN

I, Brian Swensen, being first duly sworn, depose and state as follows:

1. I have personal knowledge of the facts stated in this Affidavit, and am over 18 years of age, and am competent to testify to the matters set forth herein.

2. I am the Executive Director of Hemp Industry & Farmers of America (“HIFA”).

3. HIFA is a hybrid political action committee registered with the Federal Election Commission.

4. HIFA is a nonpartisan coalition of hemp industry advocates representing the interests of the industry, such as farmers and manufacturers to retail stores, and advocates for the fundamental rights of farmers, manufacturers, and retailers to participate freely in the lawful hemp marketplace.

5. Effective March 31, 2026, new rules from the Texas Department of State Health Services (“DSHS”) and the Texas Health and Human Services Commission (“HHSC”) significantly increase licensing fees for retailers and manufacturers and, while retaining the statutory definition of hemp in form, impose a non-statutory total delta-9 THC compliance standard that effectively restricts the market for products such as smokeable hemp.

6. The new DSHS and HHSC rules directly impact HIFA and adversely affect HIFA’s donors and affiliates.

7. Specifically, the rules materially shrink HIFA’s donor base. By eliminating key product lines and dramatically increasing licensing costs, many farms and businesses that donate to HIFA will close or downsize, thereby resulting in decreased funding for HIFA and reducing HIFA’s ability to advocate for common-sense regulation impacting the hemp industry and represent the economic interests of hemp farmers and industry professionals in Texas and across the country.

8. Several donors have informed me that, as a result of the new rules, they are reevaluating their financial commitments, including potential reductions in staffing and contributions to tax-exempt organizations. At least one donor is considering winding down his business and will make a decision within the next month.

9. Since the DSHS and HHSC rules have gone into effect, HIFA has seen a decrease in donations from those impacted by said rules. I anticipate that this trend will continue until the rules are lifted.

10. As a result of the DSHS and HHSC rules, HIFA is currently limited in its ability to carry out core aspects of its mission and is experiencing increased difficulty in fundraising and maintaining donor support.

11. The harms are ongoing and immediate and are adversely affecting HIFA's day-to-day operations and its ability to function effectively and achieve its mission.

I declare under penalty of perjury under the laws of the State of Texas that the foregoing is true and correct.

Brian E Swensen

Brian Swensen

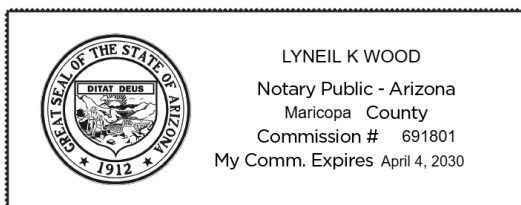
Sworn to and subscribed, before the undersigned official, a duly commissioned Notary.

This 3rd day of April, 2026, at Maricopa County _____, Arizona _____.

Lyneil K Wood

Signature of Notary Public

(Seal)



Notarized remotely online using communication technology via Proof.

Exhibit 7

Affidavit of Lauren Michelle Bridges
(on behalf of Alchemy)

AFFIDAVIT OF LAUREN MICHELLE BRIDGES

BEFORE ME, the undersigned authority, on this day did personally appear Lauren Michelle Bridges, known to me to be the person executing this affidavit, and upon being duly sworn upon her oath did state as follows:

1. "My name is Lauren Michelle Bridges. My date of birth is December 17, 1986, and my business address is 107 E Tyler St., Longview, Texas 75601. I am over 21 years old, of sound mind, and am competent to make this declaration. I have never been convicted of a felony or any crime involving a dishonest act or false statement. All statements contained in this declaration are based on my personal knowledge.
2. I am the managing member and sole beneficial owner of Alchemy TX Consulting, LLC ("Alchemy"), which is a named Plaintiff in the Original Verified Petition and Application for Temporary Restraining Order and Permanent Injunction filed by the Texas Hemp Business Council ("THBC") and others. The factual statements contained therein related to Alchemy are within my personal knowledge, and I verify that they are true and correct.
3. I grew up in Henderson, Texas and graduated from Henderson High School, which is approximately thirty minutes from where I operate my business. Following graduation, I studied at the University of North Texas and graduated with a bachelor's degree in fashion merchandising in 2008. Shortly thereafter, I attended cosmetology school and sought to focus on wellness in the industry. To further pursue my passion and dedication for wellness products, in 2020, I received a certificate from Saint Louis University for Cannabis Science and Operations.
4. I have owned and operated Alchemy since 2020. I am a grower, manufacturer, distributor, and retailer operating in the Texas hemp industry. Alchemy operates in full compliance with the Farm Bill of 2018, the Texas Agriculture Code, Texas Health & Safety Code, and all applicable state and local regulations that were in effect prior to the rules at issue in this litigation. I have attempted to comply in good faith with all previously existing regulations governing my business. Alchemy has not been the subject of any enforcement action, fine, or citation by any state or local authority related to the sale of hemp products.
5. Alchemy employs three full-time employees, including myself and two part-time employees, all of whom are Texas residents. These individuals depend on their employment at Alchemy for their livelihoods and financial stability.
6. Prior to opening Alchemy, I invested substantial time and resources in understanding the legal landscape governing hemp-derived consumable products in Texas, relying on the existing statutory and regulatory framework as the basis for establishing and expanding my business.
7. I started Alchemy to specialize in natural hemp-based products focused on wellness. Alchemy has developed a reputation in the Longview community area as a trusted, responsible retailer of legally compliant hemp products. We began as a small retail operation in a 3-suite space I lease. We recently expanded and added a new location in January that was intended to serve

as a combination grow, manufacturing and retail facility so customers would have the unique opportunity to observe our entire manufacturing process from seed-to-sale. Alchemy manufactures and sells products under its own brand, including full spectrum CBD lotion, full spectrum CBD oil, and a THCV-based hair growth serum. From a wellness perspective, it is key for Alchemy's business model to use the whole hemp plant and full-spectrum hemp extracts, and to retain control over sourcing and manufacturing in order to ensure high quality and consistent products. We prioritize sourcing from Texas growers and manufacturers whenever possible.

8. In addition to its own products, Alchemy sells hemp products manufactured by other Texas companies, including low-dose beverages, gummies, and flower. The products Alchemy carries are intended for wellness use and are not designed to have psychotropic effects or cause consumers to get "high." For example, the beverages we sell contain only 2.5-5 mg of delta-9 THC. We were also preparing to expand into the sale of fresh and raw hemp plant materials, including fresh hemp leaves and microgreens for use in recipes such as smoothies and salads, because they offer nutrient-dense health benefits.
9. I have reviewed the newly enacted rules issued by Texas Department of State Health Services and/or Texas Health and Human Services Commission, effective beginning March 31, 2026, which purport to regulate the sale and distribution of consumable hemp products in Texas, including but not limited to those rules challenged through this legal action (the "Challenged Rules").
10. Alchemy does not contest new rule provisions directed at consumer protection and public safety, including age-verification requirements, labeling requirements, and related safeguards that fall within the agencies' delegated authority. Rather, through this lawsuit, Alchemy challenges only the rules that improperly redefine lawful hemp, expand regulatory scope, and impose significant economic and overhead burdens.
11. Alchemy integrates retail, manufacturing, and cultivation operations. It holds licenses from the Texas Agricultural Code for two growing locations – one farm and the other at a new location that will allow observation of our seed-to-sale manufacturing. That second location is also licensed by the Department of State Health Services to cover manufacturing and retail operations. Alchemy also has one retail registration from the Department of State Health Services covering the first retail location. Alchemy's extraction methods are solventless, using cold-water extraction or equipment such as a rosin press, which align with Alchemy's focus on natural and wellness-oriented products. We have also planned for future expansion, with access to approximately 30 acres beyond Alchemy's current 1-acre farm where we conduct indoor, outdoor, and greenhouse cultivation. However, those plans, along with the continued operation of my business, are now in jeopardy due to the challenged rules.
12. In 2025, the manufacturing license fee was \$250, and each of the retail license fees were \$150. Under the Challenged Rules, these fees have significantly increased to \$10,000 and \$5,000 per location, respectively. Thus, instead of paying an annual total for manufacturing and retail fees of \$550 in 2025, Alchemy will be required to pay \$20,000 in manufacturing

and retail fees for 2026. This drastic increase is a very significant financial burden for my small business.

13. At the same time, DSHS has not explained how the massive amounts of increased fees it stands to collect under the Challenged Rules will actually be used to improve its administration of the consumable hemp program in Texas. We business owners are required to pay the fees but are not receiving any governmental benefit in return. This is very different from the Texas Alcoholic Beverage Commission program, which I understand operates efficiently and with reasonable fees.
14. Compliance with the new testing requirements and testing fees under the Challenged Rules also imposes substantial and ongoing operational burden for Alchemy. These rules require multiple stages of laboratory testing, expanded documentation and certificate-of-analysis tracking, batch-level recordkeeping, and continuous verification of compliance with a non-statutory 'total delta-9 THC' standard. Under the old rules, which tracked the Chapter 443 full-panel testing requirements and its exemptions, Alchemy was able to rely on a Texas producer's pre-harvest compliance test to satisfy the delta-9 compliance threshold necessary to further process or manufacture the hemp into a CHP. The Challenged Rules require Alchemy to re-test the producer's hemp for total delta-9 THC concentration, regardless of how long ago that crop may have been harvested, completely negating the producer-to-manufacturer handoff allowed under the existing statute and prior rules. For products that Alchemy retails that come from DSHS-licensed manufacturers, I was previously able to rely on their full-panel delta-9-THC-compliant COAs, but the Challenged Rules now require me to either re-test myself to show compliance with total delta-9 THC threshold, or to require my suppliers to meet a total delta-9 THC compliance threshold the statute does not require. For products Alchemy sells from out-of-state manufacturers, the Challenged Rules now require me to ensure those products meet the new total delta-9 compliance threshold, even if they were otherwise lawful because they satisfy Texas's existing statutory delta-9 testing requirements. Also, as a manufacturer, the Challenged Rules require Alchemy to re-test each hemp-derived ingredient before mixing them, and to again test the final product, all to the total delta-9 THC compliance threshold the statute does not require.
15. These new testing requirements significantly increase the cost of production and testing, delay product release, require additional personnel and administrative infrastructure, and expose regulated entities like ours to heightened risk of enforcement for technical or inadvertent noncompliance. For Alchemy, these cumulative compliance burdens render continued operation extremely difficult if not altogether economically infeasible. As a result of the Challenged Rules, Alchemy will be unable to continue manufacturing or selling the vast majority of CHPs it currently offers.
16. The Challenged Rules also impose new transportation restrictions, labeling obligations, recordkeeping requirements, and licensing and registration costs as conditions for Alchemy's continued lawful operation. These provisions immediately affect my inventory, supply chains, compliance practices, and economic interests due to increased compliance costs, disruption of supply chains, and the potential need to cease or relocate operations.

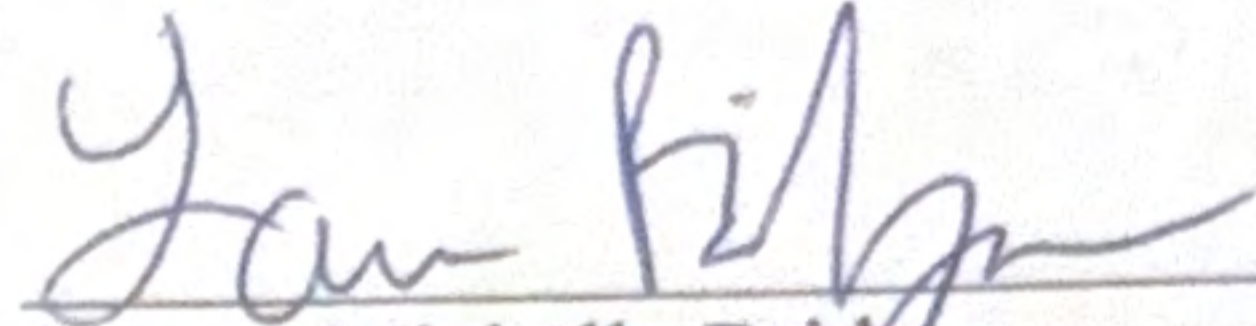
17. As a result of the Challenged Rules, Alchemy has decided to stop growing hemp plants because it is not profitable, or even feasible, under these new rules, given the essential shut down of the supply chain. Alchemy wants to purchase hemp from Texas growers but is struggling to do so because many of them are reducing or terminating their operations for the same reasons under the Challenged Rules.
18. Alchemy is in a financial and operational quandary under the Challenged Rules because the business faces several new operational and compliance requirements, which will require more manpower to accomplish, at the same time that it faces significantly increased fees and significantly lost revenues. Thus, Alchemy cannot hire any additional employees and may have to lay off current employees, while simultaneously needing more employees to keep up with the new regulations. This is extremely difficult for a small business like mine.
19. Alchemy's average customer age is 52 years old. Alchemy's customers depend on the business as a place to buy safe, natural, high-quality, and trusted products that help with pain and other common ailments like sleep disorders. They want to use these products as a better alternative to alcohol, chemical drugs, or black market or illegal drugs. They also do not want to participate in the Texas Compassionate Use Program (medical marijuana) because it threatens their Second Amendment rights, does not allow for individualized control over the product format and dosing, and is cost prohibitive for some. If Alchemy's customers' ability to purchase and use lawful consumable hemp products is taken away under the Challenged Rules (in the absence of an injunction), many will turn to alcohol, chemical, or illicit drug options for relief, and/or they will seek to import consumable hemp products from outside of Texas (and outside of the country), which does not allow for the same level of quality control and does not support the Texas economy.
20. In 2025, Alchemy paid to the State of Texas approximately \$10,000 in sales tax from its initial retail location based on the sales of products that will now be prohibited from being sold under the Challenged Rules. So far in 2026, sales at the new location have already surpassed more than half of the total sales generated at the original retail location during the entire previous year. Thus, if these Challenged Rules are not enjoined, in 2026 the State will lose out on this amount of sales tax revenue from Alchemy. The State will also not be able to collect sales tax revenue from any other Texas business selling (or formerly selling) such products.
21. For every week in which the Challenged Rules remain in effect, Alchemy suffers immediate and significant economic harm, including lost profits, wasted products, a reduction in overall operations, and resulting reductions in employment, inventory loss, and irreparable reputational harm. As a small business owner, I do not have the financial reserves to absorb the immediate and cumulative losses that would result from the enforcement of the Challenged Rules while simultaneously continuing to pay rent, payroll, and operating expenses.
22. I respectfully urge this Court to grant the requested temporary restraining order and temporary injunction enjoining Defendants from enjoining or implementing the Challenged Rules pending a final resolution of this matter. Without such relief, my business, which I have spent

the last six years building, will be permanently destroyed before any court can consider the merits of these claims.

23. I am willing to testify at any hearing the Court deems necessary to present these facts or any additional facts in support of the requested relief.

Further affiant sayeth not.”

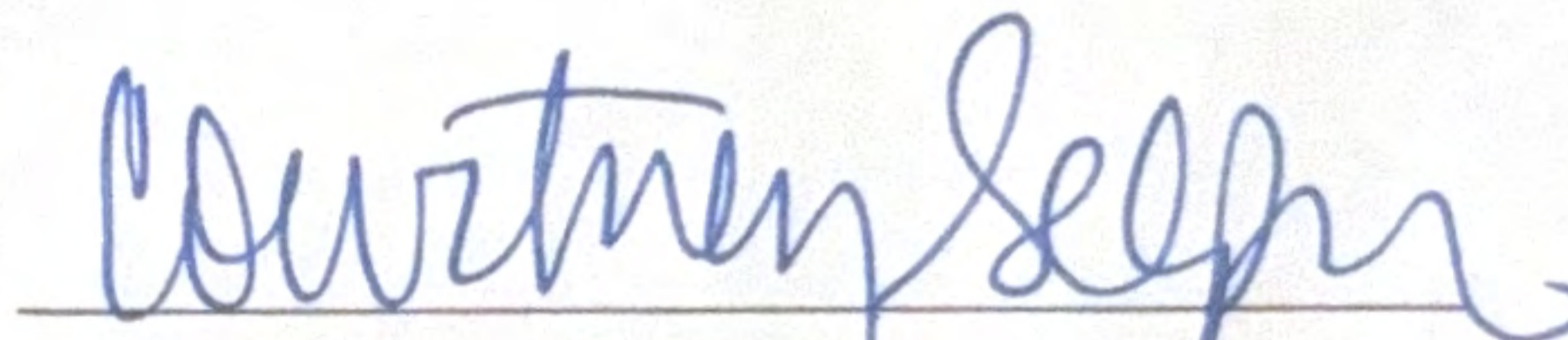
Signed on the 7 day of April, 2026.



Lauren Michelle Bridges,
Owner of Alchemy TX Consulting, LLC

STATE OF TEXAS §
 §
COUNTY OF Gregg §

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned authority, by
Lauren Michelle Bridges on April 7th, 2026.



Notary Public in and for the State of Texas

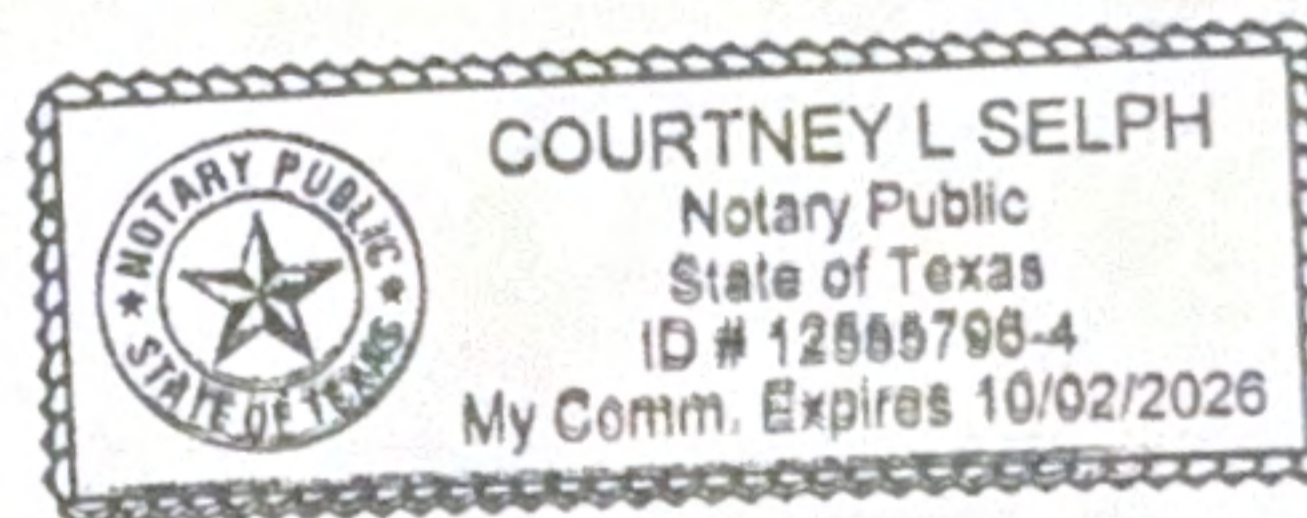


Exhibit 8

Affidavit of Kenneth Shayne Berner
(on behalf of Burners)

AFFIDAVIT OF KENNETH SHAYNE BERNER

BEFORE ME, the undersigned authority, on this day did personally appear Kenneth Shayne Berner, known to me to be the person executing this affidavit, and upon being duly sworn upon his oath did state as follows:

1. "My name is Kenneth Shayne Berner. My date of birth is February 25, 1982, and my business address is 705 Renaldo Street, Dickinson, Texas 77539. I am over 21 years old, of sound mind, and am competent to make this declaration. I have never been convicted of a felony or any crime involving a dishonest act or false statement. All statements contained in this declaration are based on my personal knowledge.
2. I am the managing member and a beneficial owner of A to Z Investments & Wholesale, LLC, which has been in operation since 2021 under the assumed name Burners – Vape, Smoke and Herbs ("Burners"), which is a named Plaintiff in the Original Verified Petition and Application for Temporary Restraining Order and Permanent Injunction filed by the Texas Hemp Business Council ("THBC") and others. The factual statements contained therein that relate to Burners are within my personal knowledge, and I verify that they are true and correct.
3. I graduated from high school in Valley Mills, Texas. I hold a Bachelor of Science degree in Physics from the University of Houston. I am married with two sons, ages 15 and 9.
4. I am a Veteran of the United States Army and Texas Army National Guard. I served in Iraq and was honorably discharged in 2004 following five years of service. My wife, Ellen Berner, is a former Texas State Trooper with the Department of Public Service and is also a former surveillance specialist for the Federal Bureau of Investigations. She is also an employee of Burners who helps me manage the business.
5. Burners currently has 10 employees, a majority of whom are veterans or former service members. Many of our customers are also veterans and service members.
6. Burners presently has two hemp dispensary retail locations, one at 3003 East League City Parkway in League City, Texas and one at 4629 Highway 146, Suite A in Bacliff, Texas. Hemp products account for 70% of store sales and roughly 90% of those sales attributable to smokable or inhalable hemp products.
7. Burners holds all applicable local and state business licenses and permits required to operate a retail hemp products business in Texas. Burners operates in full compliance with the Farm Bill of 2018, the Texas Health & Safety Code, and all applicable state and local regulations that were in effect prior to the rules at issue in this litigation. Burners has attempted to comply in good faith with all previously existing regulations governing the business. It has not been the subject of any enforcement action, fine, or citation by any state or local authority related to the sale of hemp products.
8. Roughly 75% of our customers who buy our hemp products use it to treat or manage a physical pain, sleep disorders, or PTSD. Roughly one quarter of that group uses hemp products to reduce or replace alcohol consumption. Our customers have intentionally sought out natural,

safe, and legal products that help relieve their ailments as a better alternative to using chemical drugs, black market drugs, or alcohol.


9. I have reviewed the newly enacted rules issued by Texas Department of State Health Services and/or Texas Health and Human Services Commission, effective beginning March 31, 2026, which purport to regulate the sale and distribution of consumable hemp products in Texas, including but not limited to those rules challenged through this lawsuit (the “Challenged Rules”).
10. Burners does not challenge age-verification and other consumer-protection provisions that are within the agencies’ delegated authority. Rather, through this action, Burners challenges only those portions of the Challenged Rules that go beyond what Texas law allows, including rules that apply new THC standards that are not in the statute, restrict the types of products and materials that can be sold or used in the business, and impose significant new costs and operational burdens.
11. The Challenged Rules impose new testing requirements, including multiple stages of laboratory testing that require compliance with a non-statutory ‘total delta-9 THC’ standard, as well as transportation restrictions, labeling obligations, recordkeeping requirements, and licensing and registration costs as conditions for Burners’ continued lawful operation. These provisions immediately affect my inventory, supply chains, compliance practices, and economic interests due to increased compliance costs, disruption of supply chains, and the potential need to cease or relocate operations.
12. Burners had over \$1,750,000 in annual sales in 2025. Based on the trends of our product sales, we projected increased sales over that amount in 2026. In the first quarter of 2026, Burners’ League City store had \$285,628 in sales, of which approximately \$100,000 was from THCA or flower hemp products; and Burners’ Bacliff store had approximately \$170,000 in sales, of which approximately \$119,000 was from THCA or flower hemp products. If these sales continued through the remainder of 2026, it would result in total sales of \$1,822,512 for 2026, of which \$876,000 would be from THCA or flower hemp products. If the Challenged Rules are not enjoined, Burners will lose all revenues from the THCA or flower hemp product sales.
13. In 2025, Burners’ two stores paid to the State of Texas approximately \$58,500 in sales tax based on its sales of THCA or flower hemp products. If the Challenged Rules are not enjoined, the State of Texas will lose this amount (which would be projected higher for 2026) in sales tax revenue from Burners, in addition to the loss of sales tax revenue from businesses across the state selling similar products.
14. Under the Challenged Rules, Burners’ annual retail license fees have increased substantially, from \$150 to \$5,000 for each location. Thus, in 2025, Burners paid a total of \$300 in retail fees. In 2026, Burners will be required to pay a total of \$10,000 in retail fees. This increased expense is especially difficult in light of the lost sales revenues and additional burdens imposed by the Challenged Rules.

15. Prior to introduction of the Challenged Rules, our goal was to become a full vertically integrated hemp dispensary. The level of customer demand for our products made that goal plausible. We invested approximately \$100,000 to build and improve a grow house, obtain all necessary agricultural licenses, and rent with the intent to grow our own legal hemp plants. Unfortunately, as a result of the Challenged Rules going into effect, that model is no longer viable and we are not presently moving forward on that plan. Burners did not plant a hemp crop as it had intended to do.
16. Additionally, Burners was about to obtain a manufacturing license. I had completed all the necessary steps to process the license application as of March 2026. In 2025, the fee for that license was \$250. Under the Challenged Rules, the fee increased dramatically to \$10,000. I attempted to process the Burners' manufacturing license application on March 30, 2026, the day before the Challenged Rules' effective date, expecting the fee would be \$250. However, DSHS required on that date that I pay the increased \$10,000 fee amount. Given the many other economic and operational burdens that we are already facing under the Challenged Rules, I decided not to finalize the application because the amount of the fee was too high for Burners to incur at this time.
17. Compliance with the Challenged Rules imposes substantial and ongoing operational burdens on Burners. The rules require multiple stages of laboratory testing, expanded documentation and certificate-of-analysis tracking, batch-level recordkeeping, and continuous verification of compliance with the non-statutory "acceptable hemp THC level." These requirements significantly increase the cost of production, delay product release, require additional personnel and administrative infrastructure, and expose regulated entities to heightened risk of enforcement for technical or inadvertent noncompliance. For me, these cumulative compliance burdens render continued operation extremely difficult if not altogether economically infeasible. Approximately 40% of last year's revenue came from THCA products. This customer base makes up approximately 60% of our revenue based on the THCA and accompanying products that they purchase. If Burners cannot sell the THCA products, these customers will go elsewhere to buy other items as well.
18. For every week in which the Challenged Rules remain in effect, Burners suffers immediate and significant economic harm, including lost profits, wasted products, a reduction in overall operations, inventory loss, and irreparable reputational harm. As a result of these losses, I have legitimate concerns that I will need to reduce my employees—again, many of whom are veterans and service members—through reduced hours or possibly layoffs. As a small business owner, I do not have the financial reserves to absorb the immediate and cumulative losses that would result from the enforcement of the Challenged Rules while simultaneously continuing to pay rent, payroll, and operating expenses. If the Challenged Rules continue to remain in effect through the end of this month Burners will have no choice but to lay off employees. We will also have to reduce our business to a single store and negotiate an early lease termination with approximately four years remaining on the lease if we are unable to remain viable as a business. Unsold products will be put into storage, resulting in additional expense while also losing revenues.

19. Our customers have expressed frustration over the Challenged Rules because they feel the only safe places to purchase hemp products are being taken away. They do not want to purchase products that are unlawful, unsafe, or unnatural but some will turn to these alternatives to relieve pain, sleeplessness, and PTSD if safe and natural consumable hemp products cannot be lawfully produced and sold in Texas.
20. I respectfully urge this Court to grant the requested temporary restraining order and temporary enjoining the Defendants from enforcing or implementing the Challenged Rules pending a final resolution of this matter. Without such relief, my business, which I have spent the last five years building, will be permanently destroyed before any court can consider the merits of these claims.
21. I am willing to testify at any hearing the Court deems necessary to present these facts or any additional facts in support of the requested relief.

Further affiant sayeth not.”

Signed on the 6th day of April, 2026.




 Kenneth Shayne Berner, Managing Member
 A to Z Investments & Wholesale, LLC

STATE OF TEXAS §
 §
 COUNTY OF Galveston §

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned authority, by
Kenneth Shayne Berner on April 6, 2026.





 Notary Public in and for the State of Texas

Exhibit 9

Affidavit of Melanne J. Carpenter
(on behalf of Serenity Organics)

AFFIDAVIT OF MELANNE J. CARPENTER

BEFORE ME, the undersigned authority, on this day did personally appear Melanne J. Carpenter, known to me to be the person executing this affidavit, and upon being duly sworn upon her oath did state as follows:


1. “My name is Melanne J. Carpenter. My date of birth is February 9, 1968. I am over 21 years old, of sound mind, and am competent to make this affidavit. I have never been convicted of a felony or any crime involving a dishonest act or false statement. All statements contained in this affidavit are based on my personal knowledge.
2. I am a managing member and a beneficial owner of CPRT and Company, LLC (“CPRT”), the registered business address of which is 10 Blue Sky Court, Missouri City, Texas 77459-1410S. CPRT has been in operation since June 2020 as a licensed retailer in the consumable hemp product industry. CPRT operates a store located at 9101 Sienna Crossing Dr, Suite 188 in Missouri City, Texas, known as Serenity Organics – Your CBD Apothecary (“Serenity Organics”).
3. CPRT dba Serenity Organics is a named plaintiff in the Original Verified Petition and Application for Temporary Restraining Order and Permanent Injunction filed by the Texas Hemp Business Council and others. The factual statements contained therein as related to Serenti Organics are within my personal knowledge and I verify that they are true and correct.
4. CPRT holds all applicable local and state business licenses and permits required to operate a retail hemp products business in Texas. With these licenses, and through its business practices, Serenity Organics operates in full compliance with the Farm Bill of 2018, the 2019 Texas Farm Bill, and all applicable state and local regulations that were in effect prior to the rules at issue in this litigation.
5. Serenity Organics has attempted to comply in good faith with all previously existing regulations governing the business. It has not been the subject of any enforcement action, fine, or citation by any state or local authority related to the sale of hemp products.
6. Serenity Organics specializes in the sale of hemp-based consumables focused on health and wellness. Serenity Organics primarily serves customers between ages 40 and 60 in an affluent suburban community near Houston, Texas. Many customers are military veterans. A number of our customers purchase products from Serenity Organics seeking relief and treatment for conditions such as pain and nausea or other complications associated with cancer, PTSD, anxiety, menopause, sleep disorders, and chronic pain.
7. In addition to serving the community by providing health and wellness products, Serenity Organics supports community organizations by financially sponsoring local community events.

8. I have reviewed the newly enacted rules issued by Texas Department of State Health Services and/or Texas Health and Human Services Commission, effective beginning March 31, 2026, which purport to regulate the manufacturing, sale and distribution of consumable hemp products in Texas, including but not limited to those rules challenged through this legal action (the "Challenged Rules").
9. Serenity Organics does not contest new rule provisions directed at consumer protection and public safety, including age-verification requirements, labeling requirements, and related safeguards that fall within the agencies' delegated authority. Serenity Organics has always been supportive of such safety regulations. Rather, through this action, Serenity Organics seeks to address only the Challenged Rules, i.e. discrete provisions that exceed statutory limits by redefining lawful hemp, expanding regulatory scope, and imposing unauthorized economic burdens.
10. The Challenged Rules immediately affect Serenity Organics' inventory, supply chains, compliance practices, and economic interests due to increased compliance costs, expanded documentation and certificate-of-analysis tracking, batch-level recordkeeping, disruption of supply chains, and the potential need to cease or relocate operations. These requirements significantly increase the cost of doing business, require additional personnel and administrative infrastructure, and expose regulated entities to heightened risk of enforcement for technical or inadvertent noncompliance. For Serenity Organics, these cumulative compliance burdens render continued operation extremely difficult if not altogether economically infeasible.
11. Serenity Organics has a retail license that is due for renewal in July 2026. I attempted to renew it prior to the March 31, 2026 effective date of the Challenged Rules, when the fee would have been \$150. DSHS would not allow me to renew early so now Serenity Organics will be required to pay the \$5,000 retail fee under the Challenged Rules.
12. New testing requirements under the Challenged Rules will prohibit Serenity Organics from selling hemp flower / THCA products, which is one of our two best-selling product categories. I have removed those products from our retail location, and they are securely stored pending potential injunctive relief in this case. These testing requirements may also prevent the sale of full spectrum hemp topical products, which provide wellness benefits without any intoxicating effects. In 2025, Serenity Organics' gross sales were between \$280,000 to \$300,000. Under the Challenged Rules, if not enjoined, Serenity Organics will lose at least 40% of that sales revenue.
13. Based upon Serenity Organics' annual sales tax data from 2025 and first quarter data from 2026, the State of Texas is projected to lose approximately \$7,500 in annual sales tax collected by Serenity Organics' single store as a result of the Challenged Rules.
14. Prior to enactment of the Challenged Rules, the customer demand for Serenity Organics' products was so strong it prompted me to consider expanding the business through franchising. In light of the Challenged Rules, that is no longer a viable plan.

15. The consumers have expressed a lot of confusion under the Challenged Rules. Many have expressed concern about a “full ban” of consumable hemp products in Texas, and the undesirable outcome of potentially turning to chemical pharmaceuticals, alcohol, or “street” drugs to relieve the pain, sleeplessness, and PTSD that Serenity Organics’ safe and naturally hemp-derived products have (until now) been able to help them address. I am passionate about being able to help the members of my community, including many veterans with these issues, in a safe manner. If the Challenged Rules are not enjoined, Serenity Organics’ customers will suffer.
16. For every week in which the Challenged Rules remain in effect, Serenity Organics suffers immediate and significant economic harm, including lost profits, wasted products, a reduction in overall operations, additional overhead burdens, inventory loss, and irreparable reputational harm. As a small business owner, I do not have the financial reserves to absorb the immediate and cumulative losses that would result from the enforcement of the Challenged Rules while simultaneously continuing to pay rent, payroll, and operating expenses.
17. I respectfully urge this Court to grant the requested temporary restraining order and temporary injunction to enjoin the Defendants from enforcing or implementing the Challenged Rules pending a final resolution of this matter. Without such relief, my business, which I have spent the last six years building, will be permanently destroyed before any court can consider the merits of these claims.
18. I am willing to testify at any hearing the Court deems necessary to present these facts or any additional facts in support of the requested relief.

Further affiant sayeth not.”

Signed on the 7 day of April, 2026.



Melanne J. Carpenter, Managing Member
CPRT and Company, LLC dba Serenity
Organics – Your CBD Apothecary

STATE OF TEXAS §

COUNTY OF Harris §

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned authority, by
Patricia M Love on April 7, 2026.

Patricia M Love

Notary Public in and for the State of Texas

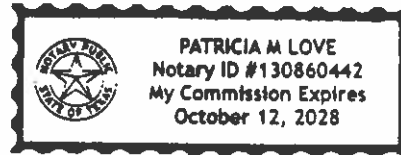


Exhibit 10

Affidavit of Colton David Luther
(on behalf of TexaKana)

AFFIDAVIT OF COLTON DAVID LUTHER

BEFORE ME, the undersigned authority, on this day did personally appear Colton David Luther, known to me to be the person executing this affidavit, and upon being duly sworn upon his oath did state as follows:

1. “My name is Colton David Luther. My date of birth is January 29, 1996, and my business address is 6340 North Eldridge Parkway, Suite N115, Houston, Texas 77041-3514. I am over 21 years old, of sound mind, and am competent to make this declaration. I have never been convicted of a felony or any crime involving a dishonest act or false statement. All statements contained in this declaration are based on my personal knowledge.
2. I am the Chief Marketing Officer at Texas Green Craft, LLC, also known as TexaKana Organics (“TexaKana”), a manufacturer, retailer, and food wholesaler of consumable hemp products based in Houston, Texas. TexaKana is a named Plaintiff the Original Verified Petition and Application for Temporary Restraining Order and Permanent Injunction filed by the Texas Hemp Business Council (“THBC”) and others. The factual statements contained therein that relate to TexaKana are within my personal knowledge, and I verify that they are true and correct.
3. I am also a managing partner at Jeremy Greens, LLC, a hemp grower with its farming operation based in Manor, Texas, which is licensed by the Texas Department of Agriculture.
4. I grew up in Tomball, Texas, where I graduated high school. I took collegiate classes at Sam Houston University and the University of Houston, before transitioning full time into Texas’s consumable hemp industry in 2020 following passage of Texas’s 2019 Farm Bill.
5. TexaKana holds a valid consumable hemp products license for processing and manufacturing license from the Texas Department of State Health Services. TexaKana is also a registered retailer and food wholesaler through DSHS. TexaKana operates in full compliance with the Farm Bill of 2018, the Texas Health & Safety Code, and all applicable state and local regulations that were in effect prior to the rules at issue in this litigation. TexaKana has attempted to comply in good faith with all previously existing regulations governing the business. It has not been the subject of any enforcement action, fine, or citation by any state or local authority related to the sale of hemp products.
6. TexaKana focuses on manufacturing high-quality, naturally-derived consumable hemp products such as brownies, chocolates, gummies, beverages, and ointments. My business partners are of Bulgarian descent, and we have a chocolate maker who makes all of the chocolate used in TexaKana’s products from scratch. TexaKana manufactures and sells products that contain various cannabinoids, including a variety of THCs, none of which exceed 0.3% delta-9 THC on a dry weight basis.
7. TexaKana sells directly to retailers through myself and our salespeople, in addition to selling directly to consumers from its website. I know from my market research that the consumers of our products primarily use them to alleviate chronic pain, sleep disorders, or other mental

health issues associated with known occupational risks. The customers want to use high-quality, natural hemp products as a superior alternative to alcohol or chemical drugs to find relief from their symptoms. Many of these consumers are active duty or retired military and other service professionals. TexaKana invests in and supports the veteran community.

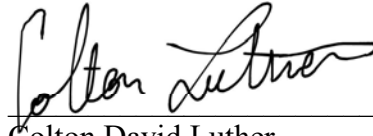
8. I have reviewed the newly enacted rules issued by Texas Department of State Health Services and/or Texas Health and Human Services Commission, effective beginning March 31, 2026, which purport to regulate the manufacture, sale and distribution of consumable hemp products in Texas, including but not limited to those rules challenged through this legal action (the “Challenged Rules”).
9. TexaKana does not contest new rule provisions directed at consumer protection and public safety, including age-verification requirements, labeling requirements, and related safeguards that fall within the agencies’ delegated authority. Rather, through this action, TexaKana seeks to address only the Challenged Rules, which exceed statutory limits by redefining lawful hemp, expand regulatory scope, and impose unauthorized economic burdens.
10. As explained below, the Challenged Rules significantly increase the cost of production, delay product release, require additional personnel and administrative infrastructure, and expose regulated entities to heightened risk of enforcement for technical or inadvertent noncompliance. These cumulative compliance burdens render continued operation as a manufacturer extremely difficult if not altogether economically infeasible.
11. The Challenged Rules are having an immediate, negative impact on the functional operations and profitability of TexaKana’s business. As a manufacturer, TexaKana depends on hemp growers and processors to supply the materials needed for our products. TexaKana wants to source its materials from Texas businesses to ensure quality control and compliance, and to support the Texas economy. As a result of the new testing requirements and administratively re-defined metric of “total delta-9 THC,” the Texas supply chain has been effectively dismantled, preventing TexaKana from being able to manufacture its products in the same manner (and at the same profit margins) as before. Additionally, because the retail market as a whole is suffering these restrictions, growers are reducing or stopping operations, which then makes it more difficult for processors and manufacturers to operate. TexaKana now has to consider moving its operations out of state.
12. THCA is present in every single hemp plant. THCA is not intoxicating. When hemp material is exposed to heat or light – including the ordinary environmental conditions of transport and storage - THCA naturally converts into delta-9 THC. This conversion happens passively and continuously and cannot be prevented. Under the statute and the previous rules, which were consistent with the 2019 Texas Farm Bill, this had never presented a compliance problem. The 2019 Texas Farm Bill provides that a Texas grower's production-stage test results shall serve as a processor's proof of delta-9 compliance. No mid-supply-chain re-testing was required. A crop that cleared production testing was entitled to move through the supply chain on the strength of that result.

13. The Challenged Rules now require processors to re-test the hemp material before processing – the same material that was already tested and cleared by the producer. Because natural decarboxylation continues between the producer’s test and the processor’s now-required re-test, material that was fully compliant will in many cases fail at re-testing. Not because it is unsafe or intoxicating, but because time, heat, and light did what they will always do to hemp material in transit, and DSHS has now placed a mandatory testing checkpoint at the precise point in the supply chain where that natural chemistry works against a compliant result. Consumer-ready finished products that would have been manufactured from this material would have a legally-compliant delta-9 THC level of 0.3% or less on a dry weight basis, as required by the Texas Legislature under the 2019 Farm Bill. The Challenged Rules now deem that material non-compliant before it ever reaches the manufacturing stage.
14. The problem is made worse by the Challenged Rules’ new requirement that finished product testing must now also account for the theoretical conversion of THCA into delta-9 equivalent, even for finished products like THCA tinctures or gummies that will never undergo further decarboxylation before they are used by a consumer. The THCA in those products will never convert into delta-9 THC or any other intoxicating compound in the market, and a person’s body temperature is hot enough to cause this conversion within the body.
15. Under the Challenged Rules, TexaKana’s manufacturing license fee will increase significantly (from \$250 to \$10,000 annually), as will its retail license fee (from \$150 to \$5,000) annually.
16. The Challenged Rules also impose significant new overhead requirements, requiring new paperwork, additional record keeping, and refined packaging and labeling. To comply with the Challenged Rules in this regard, TexaKana would have to dedicate a full-time position to compliance just to track and gather required data from suppliers. It is entirely unrealistic to expect that suppliers will voluntarily disclose the degree of detailed information required by the Challenged Rules, such as batch numbers and manufacturer identification for each and every unit of material supplied. Financially, however, TexaKana cannot increase its workforce at this time as a result of the significant economic losses and burdens imposed by the Challenged Rules. Thus, the business faces a significant operational challenge.
17. TexaKana has three partners, three employees, and several contracted salespeople. TexaKana’s annual sales have been, on average, between \$500,000 to \$600,000. Under the Challenged Rules, if not enjoined, TexaKana could lose \$20,000-\$30,000 a month in sales. This would be devastating to the business, and TexaKana would have to lay off employees. Additionally, it would result in significant reductions to the sales tax revenue collected by the State of Texas on TexaKana’s sales, and on lost sales of all such products by other Texas businesses across the State.
18. I respectfully urge this Court to grant the requested temporary restraining order and temporary injunction to enjoin the Defendants from enforcing or implementing the Challenged Rules pending a final resolution of this matter. Without such relief, the business that TexaKana owners and employees have worked so hard to build will be destroyed before any court can consider the merits of these claims.

19. I am willing to testify at any hearing the Court deems necessary to present these facts or any additional facts in support of the requested relief.

Further affiant sayeth not.”

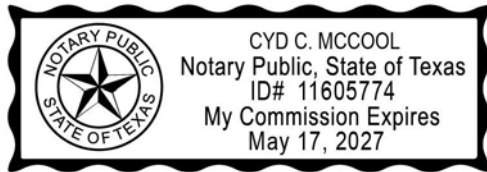
Signed on the 7th day of April, 2026.



Colton David Luther
Chief Marketing Officer
Texas Green Craft, LLC
a/k/a TexaKana Organics

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned authority,
by Colton David Luther on April 7, 2026. This notarial act was an online notarization.



Notary Public in and for the State of Texas

Exhibit 11

Affidavit of Timothy Rusch
(on behalf of Elevate One TX, LLC)

AFFIDAVIT OF TIMOTHY RUSCH

STATE OF TEXAS

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COUNTY OF Harris

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BEFORE ME, the undersigned authority, on this day personally appeared **Timothy Michael Rusch**, who after being duly sworn stated as follows:

Identity of Affiant

My name is Timothy Michael Rusch. I am over eighteen years of age, of sound mind, and fully competent to make this affidavit. I have personal knowledge of the facts stated in this affidavit, and they are true and correct.

Relationship to Plaintiff

I am the co-owner of Elevate One TX, LLC, d/b/a Elevate Wellness Dispensary, one of the Plaintiffs in this lawsuit. I have authority to make decisions and speak on behalf of the business regarding this litigation. In that capacity, I am familiar with the company's operations, licensing, compliance efforts, inventory, customer base, vendor relationships, financial condition, and the ways in which the newly adopted Texas hemp rules are affecting the business.

Nature of the Business

Elevate Wellness Dispensary is a Texas limited liability company with its principal place of business at 110 N. Virginia Street, Terrell, Texas 75160. The business operates a brick-and-mortar retail dispensary in Terrell, Texas.

Elevate Wellness Dispensary is an education-first, science-forward wellness dispensary focused on the therapeutic health benefits hemp has to offer. The business is modeled in part after a Colorado medicinal dispensary approach and emphasizes customer education, product quality, responsible retailing, and the safe and regulated use of hemp products.

Elevate Wellness Dispensary has been in business for approximately 2 years and 2 months.

Products and Business Operations

The business is a retail hemp business operating in Texas only. It sells a variety of hemp-derived products, including THCA flower, pre-rolls, concentrates, gummies or edibles, tinctures, capsules, topicals, CBD products, CBN and CBG products. The business focuses on natural cannabinoids and does not generally carry synthetic or high-dosage products.

Its primary product lines and best-selling products include private reserve bulk hemp and bulk concentrates. Smokeable hemp products, including THCA flower and related products, make up the core of the business. Approximately 95% of the business's revenue comes from hemp-related products, and approximately 80% of the business's revenue comes from smokeable hemp products that may be affected by the new rules.

Licensing and Compliance

Elevate Wellness Dispensary has made substantial efforts to operate in compliance with Texas law and DSHS requirements. The business currently holds an active consumable hemp product license issued by DSHS, identified as CHP License No. 1353, issued in approximately September 2024 and expiring in approximately September 2026.

The business has sought to comply with applicable identification, packaging, labeling, and other regulatory requirements. To my knowledge, neither I nor the business has had any

issues, disputes, inspections, enforcement concerns, or other notable interactions with DSHS, and neither I nor the business has been involved in any legal issues related to hemp or otherwise that would undermine the business's compliance posture.

Reliance on Existing Regulatory Framework

My wife, a Women's Health Nurse Practitioner (WHNP), and I opened and operated Elevate Wellness Dispensary in reliance on the legal framework established by the Texas Legislature and the regulatory system previously administered by DSHS. In reliance on that framework, I invested substantial time, money, and effort into building a lawful retail hemp business centered on compliant hemp products.

That reliance includes the formation and maintenance of the business entity; leasing and operating a retail location; obtaining the necessary licenses and registrations; sourcing compliant products; attending trade shows, discussed with many experts in the business to become more informed, read several text books, deep dive research into the science of the plant, joining the THBC retail committee, following industry players on social media, maintaining product menus and inventory; establishing vendor and supplier relationships; investing in packaging and branding; building a customer base; maintaining online and social media presence; and developing the business as an education-first wellness dispensary serving the local community.

I also structured the business around a science-forward and compliance-conscious approach, with the understanding that hemp products that complied with Texas law, including the framework then in place for THCA and smokeable hemp products, could lawfully be sold in Texas.

Impact of the Newly Adopted Rules

The newly adopted Texas hemp rules threaten the core of my business. In particular, the inclusion of THCA within the new total THC framework will deem most of our primary products unsellable. Because smokeable hemp products make up approximately 80% of the business's revenue, the rule changes place the company's primary revenue stream at immediate risk.

We were already compliant with many of the other new requirements, including identification and labeling practices. But the new total THC approach, especially as applied to THCA, directly threatens our ability to continue selling the products on which the business depends. In addition, new requirements relating to full-panel certificates of analysis will be challenging and add further compliance burdens to the business. We have already invested a significant amount of time in helping to educate our suppliers by sending them a list of the new Texas COA requirements, and working with them to try and get their COAs in compliance with the new standards. So far, none of our suppliers have been able to meet the new requirements.

Operational and Business Harm

As a result of the new rules, Elevate Wellness Dispensary faces threatened loss of the ability to sell products, threatened loss of the ability to process or package certain products in the ordinary course of business, threatened loss of the ability to distribute or transport affected products, threatened loss of customers, revenue loss, inventory that may become unsellable, vendor and supplier disruption, shipping and distribution problems, and risk of enforcement action.

Because the business is a small, locally owned retail store, these harms are especially significant. My business is essentially a mom-and-pop operation. Since the new rules took effect, most of the products our customers come to us for are no longer marketable; the very products around which we built our reputation, customer base, and business model.

The business has already experienced uncertainty and disruption in vendor relationships, product planning, and ongoing operations due to the rule changes. Products that were previously

core offerings are now in jeopardy. Inventory has become unsellable. Vendors and suppliers have been disrupted. Customers have begun to turn elsewhere or stop purchasing altogether.

Financial Harm

The financial harm to the business is substantial. Elevate Wellness Dispensary is approximately a \$300,000 per year store, and I estimate that the new rules could cause at least approximately \$250,000 in annual harm to the business.

The business also faces harm in the form of unsellable inventory, lost sales, loss of repeat customers, disruption of product lines, vendor and supplier issues, increased compliance burdens, and additional costs associated with adapting to the new regulatory regime: approximately \$17,000 of inventory that does not meet new Texas requirements; approximately \$21,000/month in lost revenue; approximately \$249,000/year in lost revenue; approximately \$30,000 in additional expenses over the next 12 months with the cost of licensing and part time help.

Harm to Customer Relationships, Reputation, and Goodwill

A large part of the value of my business lies in the trust we have built with our customers and community. Elevate Wellness Dispensary is an education-first dispensary with strong customer retention and a loyal customer base. Our customers and community know us as a reputable source for safe, regulated, high-quality hemp products. We have worked hard to build a positive reputation around science, education, and responsible retail practices. We are told on a daily basis how much we are helping the community. Our customer retention rate is very high. Our reputation has reached distances of over an hour, and people are driving because of our education-focused approach.

The new rules effectively prohibit the sale of most of the products for which customers come to our store, and the resulting damage to the business will not be limited to lost revenue alone. We are already losing goodwill, customer confidence, repeat business, and market position. Those losses are difficult to quantify and cannot easily be repaired once they occur.

Consumer and Personal Impact

I am also affected individually as a consumer directly affected by reduced access to hemp products. In addition to my role as co-owner of the business, I understand firsthand the value these products provide and the importance of safe, regulated consumer access to hemp in Texas.

This case matters to me not only because of the direct threat to my business, but also because I believe these rules will negatively affect consumers, small businesses, and the broader hemp market in Texas and beyond.

Irreparable Harm

Unless the Court grants immediate relief preventing enforcement of the challenged rules, Elevate Wellness Dispensary will suffer substantial and irreparable harm. The business faces the loss of its primary product lines, major revenue disruption, unsellable inventory, customer loss, vendor disruption, reputational damage, and market-position harm. We will be forced to close our business.

These injuries cannot be fully remedied by money damages alone. Loss of goodwill, customer relationships, community trust, and the viability of a small local business are harms that are difficult or impossible to measure with certainty and difficult or impossible to reverse once they occur.

Purpose of Affidavit

I make this affidavit in support of Plaintiffs' request for temporary restraining order and temporary injunction to preserve the status quo while the Court determines the legality of the challenged rules.

FURTHER AFFIANT SAYETH NOT.

Timothy Michael Rusch

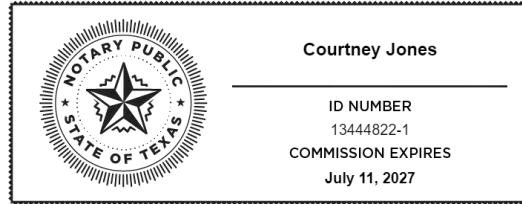
Timothy Rusch

SUBSCRIBED AND SWORN TO before me on this 7th day of April, 2026.

Courtney Jones

Notary Public, State of Texas

My Commission Expires: 07/11/2027



Electronically signed and notarized online using the Proof platform.

Exhibit 12

Affidavit of William Timothy Corrigan, Jr.
(on behalf of Texas High Council)

AFFIDAVIT OF William Timothy Corrigan Jr.

STATE OF TEXAS

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COUNTY OF CALVESTON

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BEFORE ME, the undersigned authority, on this day personally appeared **William Timothy Corrigan Jr.**, who after being duly sworn stated as follows:

Identity of Affiant

My name is William Timothy Corrigan Jr. I am over eighteen years of age, of sound mind, and fully competent to make this affidavit. I have personal knowledge of the facts stated in this affidavit, and they are true and correct.

Relationship to Plaintiff

I am the owner of the Texas High Council, one of the Plaintiffs in this lawsuit. I have authority to make decisions and speak on behalf of the business regarding this litigation. In that capacity, I am familiar with the company's business operations, licenses and registrations, inventory, manufacturing and retail activities, customer base, vendor relationships, leases, business expansion efforts, and financial condition.

Nature of the Business

Texas High Council is a Texas limited liability company with its principal business address at 12981 highway 6, Santa Fe Texas. The business has operated since approximately September 15th, 2024.

Texas High Council is a plant-based wellness business engaged in the hemp industry in multiple formats, including hemp flower. The business operates in Texas only and currently maintains its only store in Santa Fe, Texas.

The business operates as a retail business, a manufacturing/processing business, and an online sales business. Through these operations, the company serves a substantial Texas customer base seeking hemp products for wellness and related purposes. Approximately 75% of our customers are between the ages of 40-75, and a significant portion of these customers are veterans or cancer patients and survivors. It has been an immense honor and eye-opener to support my community in this way. I am deeply aware of the vital role I play, and I am committed to serving those who rely on these products for their well-being.

Products and Operations

Texas High Council handles a broad range of hemp and hemp-derived products, including THCA flower, pre-rolls, concentrates, gummies or edibles, topicals, CBD products, CBG products, other hemp-derived cannabinoid products, accessories, and plant-based health supplements.

Its primary product line and best-selling product is THCA hemp flower. Approximately 80% of the company's revenue comes from hemp-related products, and approximately 80% of the company's revenue comes from products that may be directly affected by the newly adopted rules.

The business's footprint, along with its manufacturing/processing and online sales operations, was developed in reliance on the legal and regulatory framework that existed before the challenged rules.

Licensing and Compliance

Texas High Council has maintained hemp-related licenses, registrations, or permits for its operations, including a manufacturer/retail registration or license. The business has been

registered with the State since the date it first opened or began operations, and I will have to provide copies of relevant licenses, registrations, permits, and renewal notices if requested.

The Texas High Council has sought to operate within the law and within the DSHS regulatory framework. The business has invested significant time, money, and effort into doing so.

Prior Regulatory Interaction

The business has had at least one prior DSHS-related issue described as a corrective matter that required certain corrections. My understanding is that the matter was resolved quickly and effortlessly by the company and DSHS. I can provide the related report or supporting documents if needed.

That issue does not change the fact that the business has continued to operate and invest in compliance, nor does it lessen the severe harm now threatened by the newly adopted rules.

Reliance on Existing Regulatory Framework

Texas High Council's operations were built in reliance on the statutory framework adopted by the Texas Legislature and the regulatory system previously administered by DSHS. In reliance on that framework, I invested my livelihood in the hemp business.

That reliance includes opening and maintaining a retail location; entering into long-term leases; investing in recent store build-outs; acquiring furniture, fixtures, signage, equipment, and inventory; establishing vendor and supplier relationships; developing product lines centered on hemp flower and related products; building a website and social media presence; and structuring the business for both retail and manufacturing/processing activity.

If known and desired, additional information can be inserted here regarding approximate investments in leases, build-outs, fixtures, signage, equipment, and inventory:

Long-term lease obligations: extended to 2 years - \$1750/month

build-out and improvements: \$30,000

signage and billboard/marketing expenditures: \$1000

equipment and operational infrastructure: \$500/monthly

inventory and product expenditures: \$20,000/monthly

Impact of the Newly Adopted Rules

The newly adopted Texas hemp rules threaten the core of my business. Because THCA hemp flower is our primary product line and best-selling product, the new rules place a substantial percentage of our revenue at immediate risk.

The challenged rules threaten our ability to sell products, manufacture or process products, distribute or transport products, retain customers, and continue ordinary business operations. They also create product reformulation costs, inventory losses, licensing uncertainty, vendor and supplier disruption, shipping and distribution problems, risk of enforcement action, and interruption of expansion and growth.

In practical terms, the business faces a potential loss of up to 80% of approximately \$550,000 in revenue if the challenged rules take effect and remain in place.

Operational and Financial Harm

The rules put multiple aspects of the business in jeopardy, including:

- a) long-term lease obligations;
- b) the value of recent build-outs and improvements;
- c) investments in equipment, signage, and billboards;
- d) customer relationships built around access to hemp flower and related products;
- e) vendor and supplier relationships;
- f) shipping and distribution practices; and
- g) future business growth and expansion plans.

in effect.

If necessary, the following figures may be inserted once confirmed:

inventory at risk or rendered unsellable: \$__;

monthly revenue loss: \$36,000

annual revenue loss: \$440,000

costs of reformulation, testing, relabeling, or compliance changes: \$15,000

lease obligations tied to affected locations: \$6000

build-out, signage, billboard, and equipment costs at risk: \$30,000

Harm to Goodwill, Customers, and Community

The injuries threatened by the new rules extend beyond immediate revenue loss. Texas High Council serves a significant community of customers, including veterans, elderly customers, cancer patients and others seeking access to hemp products, especially natural hemp flower products.

If those products are removed from the lawful market, the business will lose customer goodwill, reputation, repeat business, and market position that took years to build. I am also concerned that some customers who lose access to these products may turn to more dangerous alternatives, including opioids, or to illicit and unregulated black-market flower.

Damage to those customer relationships and to the company's reputation in the community it serves cannot be fully measured or easily repaired through money damages alone.

Irreparable Harm

Unless the Court grants immediate relief preventing enforcement of the challenged rules, Texas High Council will suffer substantial and irreparable harm. The business faces the likely loss of a major portion of its revenue, impairment of its primary product lines, potential store-level disruption, damage to customer goodwill, interference with existing leases and recent build-outs, loss of the value of substantial investments already made in reliance on prior law and displacement from my home.

These harms are difficult or impossible to quantify with certainty and cannot be fully remedied by money damages alone. Once customers are lost, goodwill is damaged, and ongoing business operations are disrupted, those injuries are not easily reversed.

Purpose of Affidavit

I make this affidavit in support of Plaintiffs' request for temporary restraining order and temporary injunction to preserve the status quo while the Court determines the legality of the challenged rules.

FURTHER AFFIANT SAYETH NOT.


William Timothy Corrigan Jr.

SUBSCRIBED AND SWORN TO before me on this 6th day of April, 2026.



Notary Public, State of Texas

My Commission Expires: 06-25-2027



Exhibit 13

Affidavit of Kallan Salganik
(on behalf of Treehouse)

AFFIDAVIT OF KALLAN SALGANIK

STATE OF TEXAS

§
§

COUNTY OF TRAVIS

§

BEFORE ME, the undersigned authority, on this day personally appeared **Kallan Salganik**, who after being duly sworn stated as follows:

Identity of Affiant

My name is Kallan Salganik. I am over eighteen years of age, of sound mind, and fully competent to make this affidavit. I have personal knowledge of the facts stated in this affidavit, and they are true and correct.

Relationship to Plaintiffs

I am the owner of Salganik Services Inc. and the related entity or entities operating under the public-facing name Treehouse Dispensary (collectively, the "Company"), one of the Plaintiffs in this lawsuit. I make this affidavit in my capacity as owner of the Company and based on my personal knowledge of its operations, compliance efforts, inventory, licensing, staffing, business planning, customer base, and financial condition.

Background of Owner and Business

I was born and raised in Waco, Texas. I attended school in Waco from a young age, including Montessori school and later a private college-preparatory school. Although I did not attend college, I have long been driven by entrepreneurship and spent years after high school trying to build a business of my own. Before entering the hemp industry, I pursued a number of different ventures and jobs, including work in credit-card processing, internet marketing, website development, and search-engine optimization. Those efforts were not easy, and many did not succeed, but they taught me how to build customer relationships, identify market opportunities, and work through the realities of starting a business from the ground up.

In May 2022, I entered the hemp industry because I saw a new and rapidly growing market with genuine opportunity for small-business owners willing to work hard and build something the right way. I first worked in the industry on a commission-only basis and later for a company involved in white-label hemp products. Over time, I learned the market, built relationships, and developed a clear vision for the kind of business I wanted to create. My girlfriend, Chelsey, and I saved aggressively to open our first store, sacrificing a great deal of personal comfort and living as modestly as possible so we could invest in the business. For me,

Treehouse Dispensary was not something inherited or handed to me. It was built through years of effort, risk, and personal sacrifice.

Nature of the Business

The Company operates four retail hemp locations in Texas, including stores in Waco, Temple, and Fort Worth. The store addresses are as follows:

1. Waco: 3715 Franklin Ave Waco, TX 76710 & 1211 Speight Ave Unit A Waco, Texas 76706
2. Temple: 1202 S 31st St. Suite B Temple, Texas 76504
3. Fort Worth: 3008 Alta Mere Dr. Fort Worth, Texas 76116

The original store has been in operation since January 15, 2024, and the additional locations were opened thereafter, including three stores opened within approximately the last year.

The Company currently employs approximately thirteen people.

The Company's business has been built around the lawful sale of consumable hemp products in Texas, with THCA flower serving as its primary product category and the central driver of customer demand and business growth. From the beginning, the Company has focused its identity and reputation on flower and other more traditional hemp products that customers view as natural, familiar, and minimally altered. The Company has intentionally tried to distinguish itself from businesses built primarily around heavily modified, synthetic, or semi-synthetic products. That product philosophy has been a core part of the Company's brand, customer relationships, and business strategy.

Licensing and Compliance

The Company has made substantial efforts to operate in compliance with Texas law and the regulatory requirements imposed by the Texas Department of State Health Services ("DSHS"). The Company holds retail hemp registrations, a consumable hemp product license, and an abusable volatile chemical sales permit.

Although the Company does not manufacture products in the traditional sense, DSHS has treated the Company's packaging and labeling activities as "manufacturing" for licensing purposes. In reliance on that framework, the Company has obtained and maintained the appropriate licenses and registrations required for its operations.

Compliance with the law and DSHS requirements has been central to the Company's business model. The Company has made ongoing investments in testing, packaging, labeling, licensing, compliance measures, business operations, and related regulatory obligations specifically to remain within the legal framework established by the Texas Legislature and previously administered by DSHS.

Reliance on Existing Regulatory Framework

The Company's operations were developed in reliance on the statutory and regulatory framework that existed before the newly adopted rules at issue in this case. In reliance on that framework, the Company made substantial investments in, among other things, leases, buildout costs, staffing, inventory purchases, store fixtures, security measures, branding and marketing, packaging and labeling, compliance systems, licensing, testing, and vendor relationships.

The Company's approximate expenditures and investments in reliance on that legal framework include, by way of example:

leases and related occupancy obligations of approximately \$433,402;
store buildout and improvements of approximately \$128,892;
inventory purchases of approximately \$57,687;
fixtures, displays, and security infrastructure of approximately \$42,081;
branding, advertising, and marketing expenditures of approximately \$26,757;
testing, packaging, and labeling costs of approximately \$4,509;
licensing, registration, and regulatory compliance costs of approximately \$33,000; and
other business investments and operating expenditures of approximately \$39,013.

In total, the Company has invested approximately \$765,342 in building and operating this business in reliance on the existing legal structure governing hemp in Texas.

The Company also chose to expand and open multiple retail locations based on its understanding that its business model, including the sale of compliant hemp products such as THCA flower, was lawful under Texas law.

Products, Inventory, and Customer Demand

THCA flower is the Company's main product and the foundation of its business. Approximately 73% of the Company's revenue has historically come from THCA flower and other products now threatened or effectively prohibited by the challenged rule changes.

The Company sources products and materials from both Texas-based and out-of-state suppliers. It also conducts packaging and labeling activities that DSHS treats as licensed manufacturing activity.

Before the challenged rule changes took effect, the Company maintained significant on-hand inventory in reliance on prior law. In anticipation of the rule changes, the Company sold off as much inventory as it could. Even so, the Company still holds unsold inventory with an approximate value of \$57,687 that it can no longer lawfully sell under the new rules.

Operational Disruption and Ongoing Harm

The challenged rule changes have caused immediate and substantial disruption to the Company's business. Because the Company can no longer carry the products its customers actually want, it has suffered a significant loss of business and customer traffic.

In anticipation of the rule changes, the Company has already had to take actions including pulling products from shelves, stopping or reducing new inventory orders, canceling orders, reducing staff hours and/or staffing needs, pausing or canceling expansion or operational plans, and removing or isolating products from active retail inventory.

The Company has also experienced confusion in the marketplace. Customers have become uncertain about what products may legally be sold, whether the Company is still able to offer the products it is known for, and whether they should continue shopping there at all. As a result, customers are not coming into the stores at prior levels, sales have declined, and the Company's goodwill and reputation have been harmed.

The Company has also suffered or is suffering harm in the form of lost customers, disrupted supplier relationships, disrupted business planning, and harm to the Company's ability to continue operating the business it built under the prior legal framework.

Further, the Company has made additional business changes in anticipation of the rule changes that are themselves causing harm. Specifically, reallocating management resources away from core business operations toward compliance and crisis mitigation.

The Company has also experienced or anticipates additional pressure from third parties connected to its business operations, including landlords, financial institutions, payment processors, insurers, or vendors, as follows:

Crawford-Austin Properties, Inc., The First National Bank of McGregor, Valmar Merchant Services, SOGO Insurance, Harrell Realty, Lion Warrior LLC - Series 1, J V Leggett Inc., and Ludicrous Distro.

Financial Harm

As a result of the challenged rules, the Company is suffering significant financial harm. By way of example, the Company estimates:

inventory currently at risk or rendered unsellable at approximately \$57,687;
monthly revenue lost or expected to be lost at approximately \$250,000;
annual revenue lost or expected to be lost at approximately \$3,000,000;
costs associated with retesting, relabeling, repackaging, compliance changes, or product reformulation at approximately \$4,157;
increased licensing, registration, or regulatory fee burdens at approximately \$30,000;

lease obligations tied to affected locations and operations at approximately \$433,402; and payroll and labor costs tied to threatened or reduced operations at approximately \$9289.71.

These losses are substantial and ongoing.

Harm to Goodwill, Reputation, and Market Position

A significant part of the Company's goodwill is tied not just to the fact that it sells hemp products, but to the specific kind of hemp business it chose to build. Customers know the Company for high-quality THCA flower and other natural products, and many of them shop there for that reason. If the Company is forced to pivot away from those products and toward products inconsistent with the business model and principles on which it was built, the damage would extend beyond lost sales. It would undermine the Company's identity in the marketplace, weaken customer trust, and erode the brand reputation it has spent years developing.

If the Company cannot continue to carry the products its customers associate with its brand, the resulting injury to its goodwill, reputation, customer loyalty, and competitive position will be severe. Customers are already confused, reducing visits, and looking elsewhere. Damage to the Company's reputation in the Waco, Temple, and Fort Worth markets cannot be fully measured or repaired through money alone.

If one or more locations are forced to further reduce operations or close, the resulting damage to the Company's standing in those communities and to its long-term market presence would be extremely difficult, if not impossible, to reverse.

Risk of Further Injury

The challenged rules threaten the Company with continuing and escalating harm, including the loss of additional sales, loss of customer relationships, further impairment of supplier relationships, staffing reductions, potential store closures, and the inability to continue operating under the business model the Company lawfully built.

The rules also create serious risk relating to inventory, licensing, enforcement exposure, and the continued viability of the Company's operations. Those risks have already forced the Company to alter its business practices in harmful ways.

Irreparable Harm

The injuries described above cannot be fully remedied by money damages. Loss of customer goodwill, loss of reputation, disruption of established business operations, loss of market position, damage to vendor and customer relationships, and the risk of layoffs or store closures are injuries that are difficult or impossible to quantify with precision.

Absent immediate injunctive relief, the Company will continue to suffer substantial and irreparable harm before the Court can finally determine the legality of the challenged rules.

Purpose of Affidavit

I make this affidavit in support of Plaintiffs' request for temporary restraining order and temporary injunction to preserve the status quo while the Court determines the legality of the challenged rules.

FURTHER AFFIANT SAYETH NOT.

Kallan Salganik
Kallan Salganik

SUBSCRIBED AND SWORN TO before me on this 6 day of April, 2026.

[Signature]

Notary Public, State of Texas

My Commission Expires: 10-28-29

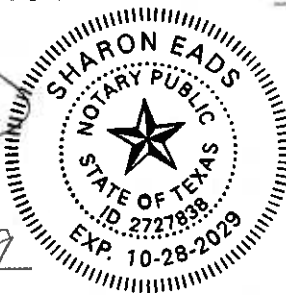


Exhibit 14

Affidavit of Alan Lockley
(on behalf of Wyatt Purp)

AFFIDAVIT OF ALAN LOCKLEY

STATE OF TEXAS

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COUNTY OF DENTON

§

BEFORE ME, the undersigned authority, on this day personally appeared Alan Lockley, who after being duly sworn stated as follows:

Identity of Affiant

My name is Alan Lockley. I am over eighteen years of age, of sound mind, and fully competent to make this affidavit. I have personal knowledge of the facts stated in this affidavit, and they are true and correct.

Relationship to Plaintiff

I am the General Manager of Wyatt Purp LLC, d/b/a Wyatt Purp (the "Company"), one of the Plaintiffs in this lawsuit. I have been with the Company since its early growth and have worked in multiple roles, including packaging, warehouse support, office management, and store operations. I have helped build out store operations and day-to-day procedures, and I am personally familiar with the Company's business operations, inventory, supplier relationships, licensing and compliance efforts, customer base, financial condition, and the impact the newly adopted Texas hemp rules are having on the business.

Nature of the Business

Wyatt Purp is a limited liability company organized under the laws of Texas, with its principal place of business located at 543 Bennett Ln Lewisville, Tx 75057.

The Company operates a hemp dispensary business serving Texas consumers and offering a variety of hemp-derived products, with a primary focus on flower and other consumable hemp products. The Company has built its business around the retail sale of hemp products that it understood to be lawful under the existing statutory and regulatory framework, with a strong emphasis on natural cannabinoids and tested products.

The Company has been in business since May 20, 2021.

The Company operates at the following locations or through the following business channels:

Denton Storefront 700 W Hickory St. Denton, TX 76201 (wyattpurpdenton.com)

Lewisville Storefront 1302 S State Hwy C2 Lewisville, TX 75067(wyattpurplewisville.com) and online ecommerce @ wyattpurp.com

Business to business sales, wholesale white labeling, brick-and-mortar retail, warehouse operations, and online direct-to-consumer sales.

The Company's business includes the following types of operations, as applicable: retail, manufacturing or processing, distribution, online sales, product development, and other hemp-related operations, including partnerships with other businesses, white labeling services, and out-of-state companies that direct revenue into Texas operations.

Licensing and Compliance

The Company has made substantial efforts to operate in compliance with Texas law and the rules and requirements imposed by the Texas Department of State Health Services ("DSHS"). From the beginning, the Company has tried to be proactive rather than reactive in its compliance practices.

The Company currently holds the following hemp-related licenses, registrations, permits, or other approvals: Hemp Processors license, Hemp Handlers licenses, Hemp Producers licenses, (CHP) Consumable Hemp Product licenses, Class 2 Floral licenses, Texas Sales and Use Tax permit, and a Certificate of Occupancy.

The Company has relied on those licenses, registrations, permits, and the prior regulatory framework in structuring and operating its business. Before opening at least one of its storefronts, the Company proactively contacted local law enforcement, provided paperwork and certificates of analysis, explained how the business would operate, and asked whether the Company and its employees were in danger of arrest if they followed the rules. The Company was told that, so long as the products remained compliant and did not get into the hands of minors, the Company was not in danger. The Company then built and operated its stores in reliance on that understanding, including by using age-gating and other safeguards that went beyond what the law expressly required at the time.

Products and Business Operations

The Company deals almost exclusively in flower and flower-related hemp products. Its primary product lines include THCA flower, THCA pre-rolls, and other hemp-derived cannabinoid products. The Company also offers related products such as edibles, syrups, beverages, concentrates, and other consumable hemp products.

The Company's best-selling products and most important product categories are: Compliant 3rd party tested THCa Hemp flower and THCa pre-rolls at less than .3% Delta 9 THC. Since The Company provides full panel testing, a safe product is provided that is safe to consume.

Approximately 99% of the Company's revenue comes from hemp-related products, and well over 90% of the Company's revenue comes from products that may be affected by the newly adopted rules. A substantial majority of the Company's business is tied to flower and flower-related products that are now directly threatened by the challenged rules.

Reliance on Existing Regulatory Framework

The Company's operations were built and expanded in reliance on the legal and regulatory framework that existed before the newly adopted Texas hemp rules at issue in this case.

In reliance on that framework, the Company invested substantial time, money, and effort into its business, including expenditures and commitments relating to, among other things:

- leases and occupancy obligations;
- store or facility build-outs;
- fixtures, furniture, and equipment;
- inventory purchases;
- branding, marketing, and advertising;
- website and online sales infrastructure;
- packaging and labeling;
- testing and compliance efforts;
- staffing and payroll;
- vendor and supplier relationships; and
- other business investments and operating expenditures.

The Company's approximate investments and expenditures include:

- leases and related occupancy obligations: \$12,000/month (3 landlords with 4 leases);
- build-out costs and improvements: \$250,000 (2 stores and 1 warehouse);
- fixtures, furniture, equipment, and infrastructure: \$100,000;
- inventory purchases: \$150,000 per month;
- branding, advertising, and marketing: \$80,000 per year;
- packaging, labeling, and testing costs: \$100,000 per year;
- licensing, registration, and regulatory compliance costs: \$500 per year;
- payroll and staffing costs: \$20,000 per month;
- other business investments and operating expenditures: \$50,000.

Additional detail regarding those investments and expenditures is as follows:

The Company has opened new locations, built out storefronts, staffed those locations, maintained a warehouse, supported wholesale and online operations, and developed partnerships and customer programs in reliance on the prior legal framework. Additional details may be added here:

Future growth was planned and in the process. More store were in the works of opening, such as McKinney, Mid-Cities and all throughout the DFW area. In this state, however, growth

is no longer an option. At least \$20,000 a month in sales tax per city is lost without company expansion.

In total, the Company has invested approximately \$1,000,000 in building and operating its business in reliance on the prior legal framework.

Further Reliance on Governor's Veto Proclamation (June 22, 2025)

In June 2025, the Governor vetoed Senate Bill 3, which would have significantly altered the regulation of hemp-derived products. In doing so, the Governor indicated that further legislative action would be required to address the issue and called for additional legislative consideration rather than immediate prohibition or restructuring of the market.

Following that veto and the Legislature's failure to enact new hemp legislation, the Company reasonably understood that the existing statutory framework governing hemp would remain in place. In reliance on that framework, the Company continued to operate, invest in inventory, maintain supplier relationships, and structure its business for continued growth. Prior to this administrative rule change, the Company was actively making plans to expand to new locations and markets, hire additional staff, and establish healthcare and retirement benefits for its full-time employees.

Shortly before these rules took effect, the Company was in the process of obtaining quotes and preparing to roll out employee benefits, including health insurance, dental coverage, and retirement benefits. Then, over a very short period of time and without any meaningful transition period, the challenged rules were adopted and took effect. Almost overnight, the Company went from planning expansion, additional hiring, and employee benefits to laying off over half of its workforce. All plans for expansion and growth are now off the table, and the Company is seriously concerned about whether it can survive through the year under these new rules.

The rules now adopted by Defendants depart from that framework by effectively redefining lawful hemp and imposing new compliance standards not found in statute. As a result, the Company faces immediate disruption to operations, potential loss of inventory, and exposure to enforcement actions based on standards that did not previously govern the business.

Impact of the Newly Adopted Rules

The newly adopted Texas hemp rules have caused, or threaten to cause, serious and immediate harm to the Company. Because the Company's business is centered primarily on flower and flower-related products, the challenged rules threaten the core of the Company's operations and its principal source of revenue.

In particular, the new rules have affected or threaten to affect the Company in the following ways:

The Company's sales at one of its stores dropped from approximately \$7,500 to \$8,000 per day to approximately \$700 per day after the rule changes and resulting market disruption. Additional detail may be added here regarding location-specific losses and other impacts:

The Company is threatened with loss of the ability to sell certain products, loss of the ability to manufacture, process, distribute, or transport certain products, loss of customers, loss of revenue, unsellable inventory, disruption of supplier and vendor relationships, shipping and distribution problems, licensing uncertainty, business interruption, and risk of enforcement action. The Company will be forced to close the newest location in Lewisville after spending over \$50k to build it and will have to go into default with the landlord. This means a \$10k deposit will be lost and The Company will still owe an additional \$7500 in lease break fees. This could result in The Company being forced to close operations for good.

Further detail regarding the effect of the new rules on the Company's products and operations is as follows:

The Company's flower-focused business model has been hit especially hard. The rules have also jeopardized outside business partnerships and have cut off revenue that out-of-state companies were directing into Texas through those relationships. Additional detail may be added here:

The quality of products can no longer be guaranteed, as inputs to manufacture in the state of Texas will no longer be allowed. Instead, The Company is forced to outsource all edible manufacturing out of state thus reducing the use of manufacturing licenses to just packaging and branding. In addition, The Company is forced to make a major SKU reduction, resulting in bringing outside brands to fill empty spaces in store.

Operational Disruption

As a result of the new rules, the Company has already taken or is considering taking steps such as:

- pulling products from shelves;
- stopping or reducing inventory purchases;
- canceling orders;
- repackaging, relabeling, or retesting products;
- segregating or boxing up products;
- marking products as not for sale;
- pausing or abandoning growth or expansion plans;
- reducing employee hours or staffing; and/or
- changing ordinary business operations in ways that are costly and harmful.

Additional detail concerning the operational disruption the Company has experienced is as follows:

The Company has already laid off more than half of its staff. Of the employees who remain, some have accepted reduced pay to help keep the business operating. Managers were asked to step down with significant pay reductions. Of the employees laid off, a couple were full-time college students, whose tuition and books were paid for by The Company. Roughly 30 people (when event staff and similar support workers) are included in layoffs. In addition, The Company was in active discussions about adding employee benefits, including health insurance, dental coverage, and a 401(k), but those plans have been put in jeopardy by the downturn caused by the new rules.

In addition, The Company has made a significant community impact. Since establishment in October 2024, over a dozen events have been hosted on the retail location's property. These events support local vendors by offering free vending space and advertising. One of these events included a canned food drive, and another a free clothing swap. Each event offered \$1000 worth of free food to anyone in the community who showed up, feeding approximately 200 people per event day. Any remaining food from events were distributed to the community, including to local homeless shelters.

Financial Harm

The financial harm to the Company is substantial. The Company estimates that the newly adopted rules have caused or will cause financial harm in the following approximate amounts:

inventory at risk or rendered unsellable: \$100,000;
monthly revenue loss: \$85,000 - \$100,000;
annual revenue loss: \$1,200,000;
compliance, testing, relabeling, repackaging, or reformulation costs: \$10,000;
lease obligations tied to affected operations: \$48,000;
vendor, shipping, or distribution-related losses: \$250,000
other rule-related losses: at least \$20,000 in sales tax for the state per month.

Additional explanation regarding the Company's financial harm is as follows:

Before the new rules, some budtenders were averaging over \$30 per hour when tips were included. Some of those same workers are now making approximately \$16 per hour or have lost their jobs altogether. Managers were salaried and bonus-eligible. The rules have therefore harmed not only the Company's topline revenue, but also employee compensation, retention, and future hiring. Additional figures may be added here:

Store managers were forced to step down from salary pay to an hourly rate.

Harm to Goodwill, Reputation, and Customer Relationships

The Company has spent substantial time and effort building its customer base, reputation, and goodwill in the communities and markets it serves. The Company has worked to create a dispensary-style retail environment with age-gating, ID checks, quality control, and customer

education. The Company also invested in community events, food giveaways, local business partnerships, and other efforts to build trust and goodwill.

If the newly adopted rules remain in place, the Company will suffer harm not only in the form of immediate lost revenue, but also in the form of loss of goodwill, loss of customer confidence, loss of repeat business, disruption of market position, and damage to relationships with customers, suppliers, and business partners. The Company's repeat-customer rate is extremely high, approximately 80% to 90%, and damage to that customer trust is difficult to repair once lost.

Additional detail regarding harm to the Company's goodwill, reputation, and customer relationships is as follows:

The Company has received many anecdotal reports from customers, including veterans, cancer patients, and others dealing with pain, stress, loss of appetite, sleep problems, or similar issues, who say these products help them. The Company has also worked hard to ensure that customers receive safe, tested products. A returning cancer patient struggling to sleep and eat stated they found relief from using the products. Additional reports stated finding relief from PTSD-induced nightmares.

Compliance Practices and Product Safety

Even before the challenged rules, the Company took numerous compliance and safety steps that went beyond what the law expressly required at the time. The Company limited sales to adults 21+, used age-gating on its website, implemented ID verification for online orders, scanned IDs in stores, required customers to pass through a controlled entry before accessing products, and sealed bags before customers left the store. The Company also imposed internal sales limits designed to reduce the risk that customers would be placed in legal jeopardy based on quantity alone.

The Company also maintained full-panel testing on its products, reviewed certificates of analysis before purchase, physically inspected products upon receipt, quarantined or rejected defective or moldy product, and destroyed product that tested over the legal threshold. In at least one instance, the Company voluntarily conducted a recall of beverages when it discovered a potential defect, notified affected customers, and refunded their money. Those steps reflect the seriousness with which the Company has always treated customer safety and legal compliance.

Irreparable Harm

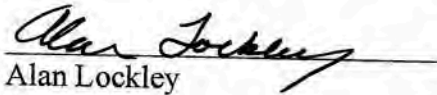
The injuries described above cannot be fully remedied by money damages alone. The Company faces injuries including loss of goodwill, customer relationships, market position, business momentum, the value of investments made in reliance on prior law, and the loss of trained employees and customer trust that took years to develop. These injuries are difficult or impossible to quantify with precision and difficult or impossible to reverse once they occur.

Unless the Court grants immediate relief preventing enforcement of the challenged rules, the Company will continue to suffer substantial and irreparable harm before the Court can finally determine the legality of the challenged rules.


Purpose of Affidavit

I make this affidavit in support of Plaintiffs' request for temporary restraining order, temporary injunction, and related relief to preserve the status quo while the Court determines the legality of the challenged rules.

FURTHER AFFIANT SAYETH NOT.


Alan Lockley

SUBSCRIBED AND SWORN TO before me on this 10 day of April, 2026.


Notary Public, State of Texas

My Commission Expires: 5/9/28

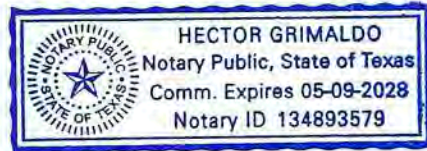


Exhibit 15

2019 Texas Farm Bill
(H.B. 1325)

AN ACT

relating to the production and regulation of hemp; requiring occupational licenses; authorizing fees; creating criminal offenses; providing civil and administrative penalties.

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

SECTION 1. Section 12.020(c), Agriculture Code, is amended to read as follows:

(c) The provisions of law subject to this section and the applicable penalty amounts are as follows:

Provision	Amount of Penalty
Chapters 13, 14A, 17, 18, 19, 41, 46, 61, 72, 73, 74, 76, 94, 95, 101, 102, 103, <u>122</u> , 125, 132, and 134	not more than \$5,000
Subchapters A, B, and C, Chapter 71	not more than \$5,000
Chapter 14	not more than \$10,000
Chapter 1951, Occupations Code	not more than \$5,000
Chapter 153, Natural Resources Code	not more than \$5,000
Section 91.009	not more than \$5,000.

SECTION 2. Title 5, Agriculture Code, is amended by adding Subtitle F to read as follows:

SUBTITLE F. HEMP

CHAPTER 121. STATE HEMP PRODUCTION PLAN

Sec. 121.001. DEFINITION. In this chapter, "hemp" means the plant Cannabis sativa L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, cannabinoids,

1 isomers, acids, salts, and salts of isomers, whether growing or
2 not, with a delta-9 tetrahydrocannabinol concentration of not more
3 than 0.3 percent on a dry weight basis.

4 Sec. 121.002. LEGISLATIVE INTENT. It is the intent of the
5 legislature that this state have primary regulatory authority over
6 the production of hemp in this state.

7 Sec. 121.003. STATE PLAN. (a) The department, after
8 consulting with the governor and attorney general, shall develop a
9 state plan to monitor and regulate the production of hemp in this
10 state. The plan must comply with:

11 (1) 7 U.S.C. Section 1639p;

12 (2) Chapter 122; and

13 (3) Chapter 443, Health and Safety Code.

14 (b) The department shall submit the plan developed under
15 Subsection (a) to the secretary of the United States Department of
16 Agriculture as this state 's plan for monitoring and regulating the
17 production of hemp as provided by 7 U.S.C. Section 1639p.

18 (c) If a plan submitted under Subsection (b) is disapproved
19 by the secretary of the United States Department of Agriculture,
20 the department, after consulting with the governor and attorney
21 general, shall amend the plan as needed to obtain approval and
22 submit an amended plan.

23 (d) The department shall, as necessary, seek technical
24 assistance from the secretary of the United States Department of
25 Agriculture and other state agencies in developing the plan under
26 this section.

27 Sec. 121.004. RULES. The department may adopt any rules

1 necessary to implement and administer the state plan under Section
2 121.003.

3 CHAPTER 122. CULTIVATION OF HEMP

4 SUBCHAPTER A. GENERAL PROVISIONS

5 Sec. 122.001. DEFINITIONS. In this chapter:

6 (1) "Cultivate" means to plant, irrigate, cultivate,
7 or harvest a hemp plant.

8 (2) "Governing person" has the meaning assigned by
9 Section 1.002, Business Organizations Code.

10 (3) "Handle" means to possess or store a hemp plant:
11 (A) on premises owned, operated, or controlled by
12 a license holder for any period of time; or

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

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

18 (ii) a person licensed under Chapter 443,
19 Health and Safety Code.

20 (4) "Hemp" has the meaning assigned by Section
21 121.001.

22 (5) "Institution of higher education" has the meaning
23 assigned by Section 61.003, Education Code.

24 (6) "License" means a hemp grower 's license issued
25 under Subchapter C.

26 (7) "License holder" means an individual or business
27 entity holding a license.

1 (8) "Nonconsumable hemp product" means a product that
2 contains hemp, other than a consumable hemp product as defined by
3 Section 443.001, Health and Safety Code. The term includes cloth,
4 cordage, fiber, fuel, paint, paper, particleboard, and plastics
5 derived from hemp.

6 (9) "Plot" means a contiguous area in a field,
7 greenhouse, or indoor growing structure containing the same variety
8 or cultivar of hemp throughout the area.

9 Sec. 122.002. LOCAL REGULATION PROHIBITED. A municipality,
10 county, or other political subdivision of this state may not enact,
11 adopt, or enforce a rule, ordinance, order, resolution, or other
12 regulation that prohibits the cultivation, handling,
13 transportation, or sale of hemp as authorized by this chapter.

14 Sec. 122.003. STATE HEMP PRODUCTION ACCOUNT. (a) The state
15 hemp production account is an account in the general revenue fund
16 administered by the department.

17 (b) The account consists of:

18 (1) appropriations of money to the account by the
19 legislature;

20 (2) public or private gifts, grants, or donations,
21 including federal funds, received for the account;

22 (3) fees received under Section 122.052;

23 (4) interest and income earned on the investment of
24 money in the account;

25 (5) penalties collected under this chapter other than
26 a civil penalty collected under Subchapter H; and

27 (6) funds from any other source deposited in the

1 account.

2 (c) The department may accept appropriations and gifts,
3 grants, or donations from any source to administer and enforce this
4 subtitle. Money received under this subsection shall be deposited
5 in the account.

6 (d) Money in the account may be appropriated only to the
7 department for the administration and enforcement of this subtitle.

8 Sec. 122.004. SEVERABILITY. (a) A provision of this
9 chapter or its application to any person or circumstance is invalid
10 if the secretary of the United States Department of Agriculture
11 determines that the provision or application conflicts with 7
12 U.S.C. Chapter 38, Subchapter VII, and prevents the approval of the
13 state plan submitted under Chapter 121.

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

19 SUBCHAPTER B. POWERS AND DUTIES OF DEPARTMENT

20 Sec. 122.051. DEPARTMENT RULES AND PROCEDURES. (a) The
21 department shall adopt rules and procedures necessary to implement,
22 administer, and enforce this chapter.

23 (b) Rules adopted under Subsection (a) must:

24 (1) prescribe sampling, inspection, and testing
25 procedures, including standards and procedures for the calibration
26 of laboratory equipment, to ensure that the delta-9
27 tetrahydrocannabinol concentration of hemp plants cultivated in

1 this state is not more than 0.3 percent on a dry weight basis; and

2 (2) provide due process consistent with Chapter 2001,
3 Government Code, including an appeals process, to protect license
4 holders from the consequences of imperfect test results.

5 Sec. 122.052. FEES. (a) The department shall set and
6 collect:

7 (1) an application fee for an initial license in an
8 amount not to exceed \$100;

9 (2) a license renewal fee in an amount not to exceed
10 \$100;

11 (3) a participation fee for each location described by
12 Section 122.103(a)(1) and each location added after the application
13 is submitted in an amount not to exceed \$100;

14 (4) a site modification fee for each change to a
15 location described by Section 122.103(a)(1) in an amount not to
16 exceed \$500; and

17 (5) a collection and testing fee for each preharvest
18 test or postharvest test if performed by the department in an amount
19 not to exceed \$300.

20 (b) A fee set by the department under this section may not
21 exceed the amount necessary to administer this chapter. The
22 comptroller may authorize the department to collect a fee described
23 by Subsection (a) in an amount greater than the maximum amount
24 provided by that subsection if necessary to cover the department 's
25 costs of administering this chapter.

26 (c) The department may not set or collect a fee associated
27 with the cultivation of hemp that is not listed in Subsection (a),

1 other than:

2 (1) a fee for the organic certification of hemp under
3 Chapter 18 or for participation in another optional marketing
4 program; or

5 (2) a fee for the certification of seed or plants under
6 Chapter 62.

7 (d) Fees collected by the department under this chapter are
8 not refundable and may be appropriated only to the department for
9 the purpose of administering this chapter.

10 Sec. 122.053. INSPECTIONS. (a) The department may
11 randomly inspect land where hemp is grown to determine whether hemp
12 is being cultivated in compliance with this chapter.

13 (b) The department may enter onto land described by Section
14 122.103(a)(1), conduct inspections, and collect and test plant
15 samples.

16 (c) Using participation fees set and collected under
17 Section 122.052(a)(3), the department shall pay the cost of
18 inspections under this section.

19 (d) The Department of Public Safety may inspect, collect
20 samples from, or test plants from any portion of a plot to ensure
21 compliance with this chapter. A license holder shall allow the
22 Department of Public Safety access to the plot and the property on
23 which the plot is located for purposes of this subsection.

24 (e) If, after conducting an inspection or performing
25 testing under this section, the department or the Department of
26 Public Safety determines any portion of a plot is not compliant with
27 this chapter, the department or the Department of Public Safety may

1 report the license holder to the other department or to the attorney
2 general.

3 Sec. 122.054. SAMPLE COLLECTION AND TESTING. The
4 department may collect samples and perform testing or contract with
5 a laboratory for the performance of that collection and testing on
6 behalf of the department. A test performed by a laboratory on behalf
7 of the department is considered to be performed by the department
8 for purposes of this chapter.

9 Sec. 122.055. SHIPPING CERTIFICATE OR CARGO MANIFEST. (a)
10 The department shall develop a shipping certificate or cargo
11 manifest which the department shall issue to a license holder in
12 connection with the transportation of a shipment of hemp plant
13 material originating in this state, other than sterilized seeds
14 that are incapable of beginning germination.

15 (b) A certificate or manifest developed under Subsection
16 (a) must include a unique identifying number for the shipment and
17 the department 's contact information to allow law enforcement
18 during a roadside inspection of a motor vehicle transporting the
19 shipment to verify that the shipment consists of hemp cultivated in
20 compliance with this chapter.

21 (c) The department may coordinate with the Department of
22 Public Safety to determine whether information included on a
23 certificate or manifest issued under Subsection (a), including the
24 unique identifying number, may be made available to law enforcement
25 personnel through the Texas Law Enforcement Telecommunications
26 System or a successor system of telecommunication used by law
27 enforcement agencies and operated by the Department of Public

1 Safety.

2 (d) A person commits an offense if the person, with intent
3 to deceive law enforcement, forges, falsifies, or alters a shipping
4 certificate or cargo manifest issued under this section. An
5 offense under this subsection is a third degree felony.

6 SUBCHAPTER C. HEMP GROWER 'S LICENSE

7 Sec. 122.101. LICENSE REQUIRED; EXCEPTIONS. (a) Except as
8 provided by Subsection (b), a person or the person 's agent may not
9 cultivate or handle hemp in this state or transport hemp outside of
10 this state unless the person holds a license under this subchapter.

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

14 Sec. 122.102. LICENSE INELIGIBILITY. (a) An individual
15 who is or has been convicted of a felony relating to a controlled
16 substance under federal law or the law of any state may not, before
17 the 10th anniversary of the date of the conviction:

- 18 (1) hold a license under this subchapter; or
19 (2) be a governing person of a business entity that
20 holds a license under this subchapter.

21 (b) The department may not issue a license under this
22 subchapter to a person who materially falsifies any information
23 contained in an application submitted to the department under
24 Section 122.103.

25 Sec. 122.103. APPLICATION; ISSUANCE. (a) A person may
26 apply for a license under this subchapter by submitting an
27 application to the department on a form and in the manner prescribed

1 by the department. The application must be accompanied by:

2 (1) a legal description of each location where the
3 applicant intends to cultivate or handle hemp and the global
4 positioning system coordinates for the perimeter of each location;

5 (2) written consent from the applicant or the property
6 owner if the applicant is not the property owner allowing the
7 department, the Department of Public Safety, and any other state or
8 local law enforcement agency to enter onto all premises where hemp
9 is cultivated or handled to conduct a physical inspection or to
10 ensure compliance with this chapter and rules adopted under this
11 chapter;

12 (3) the application fee; and

13 (4) any other information required by department rule.

14 (b) Except as provided by Subsection (c), the department
15 shall issue a license to a qualified applicant not later than the
16 60th day after the date the department receives the completed
17 application and the required application fees.

18 (c) A qualified applicant who along with the application
19 submits proof to the department that the applicant holds a license
20 under Chapter 487, Health and Safety Code, is not required to pay an
21 application fee, and the department shall issue the license to the
22 applicant within the time prescribed by Subsection (b).

23 Sec. 122.104. TERM; RENEWAL. (a) A license is valid for
24 one year and may be renewed as provided by this section.

25 (b) The department shall renew a license if the license
26 holder:

27 (1) is not ineligible to hold the license under

1 Section 122.102;
2 (2) submits to the department the license renewal fee;
3 and
4 (3) does not owe any outstanding fee described by
5 Section 122.052.

6 Sec. 122.105. REVOCATION. The department shall revoke a
7 license if the license holder is convicted of a felony relating to a
8 controlled substance under federal law or the law of any state.

9 SUBCHAPTER D. TESTING

10 Sec. 122.151. TESTING LABORATORIES. (a) Subject to
11 Subsection (b), testing under this subchapter or Section 122.053
12 must be performed by:

- 13 (1) the department;
14 (2) an institution of higher education; or
15 (3) an independent testing laboratory registered
16 under Section 122.152.

17 (b) To perform testing under this chapter, a laboratory
18 described by Subsection (a) must be accredited by an independent
19 accreditation body in accordance with International Organization
20 for Standardization ISO/IEC 17025 or a comparable or successor
21 standard.

22 (c) A license holder shall select a laboratory described by
23 Subsection (a) to perform preharvest or postharvest testing of a
24 sample taken from the license holder 's plot. A license holder may
25 not select an independent testing laboratory under Subsection
26 (a)(3) unless the license holder has:

- 27 (1) no ownership interest in the laboratory; or

1 (2) less than a 10 percent ownership interest in the
2 laboratory if the laboratory is a publicly traded company.

3 (d) A license holder must pay the costs of preharvest or
4 postharvest sample collection and testing in the amount prescribed
5 by the laboratory selected by the license holder.

6 (e) The department shall recognize and accept the results of
7 a test performed by an institution of higher education or an
8 independent testing laboratory described by Subsection (a). The
9 department shall require that a copy of the test results be sent by
10 the institution of higher education or independent testing
11 laboratory directly to the department and the license holder.

12 (f) The department shall notify the license holder of the
13 results of the test not later than the 14th day after the date the
14 sample was collected under Section 122.154 or the date the
15 department receives test results under Subsection (e).

16 Sec. 122.152. REGISTRATION OF INDEPENDENT TESTING
17 LABORATORIES. (a) The department shall register independent
18 testing laboratories authorized to conduct testing under Section
19 122.151(a)(3).

20 (b) A laboratory is eligible for registration if the
21 laboratory submits to the department proof of accreditation by an
22 independent accreditation body in accordance with International
23 Organization for Standardization ISO/IEC 17025 or a comparable or
24 successor standard and any required fee.

25 (c) The department shall annually prepare a registry of all
26 independent testing laboratories registered by the department and
27 make the registry available to license holders.

1 (d) The department may charge a registration fee to recover
2 the costs of administering this section.

3 Sec. 122.153. PREHARVEST TESTING REQUIRED. (a) A license
4 holder may not harvest a hemp plant or plant intended or believed to
5 be hemp unless a representative sample of plants from the plot where
6 the plant is grown is collected before harvest and subsequently
7 tested using post-decarboxylation, high-performance liquid
8 chromatography, or another similarly reliable method to determine
9 the delta-9 tetrahydrocannabinol concentration of the sample in the
10 manner required by this subchapter.

11 (b) For purposes of Subsection (a), a representative sample
12 of plants from a plot consists of cuttings taken from at least five
13 plants throughout the plot. The department by rule shall prescribe
14 the minimum distance between plants from which cuttings may be
15 taken based on the size of the plot.

16 (c) A laboratory performing preharvest testing under this
17 section shall homogenize all the cuttings in the sample and test the
18 delta-9 tetrahydrocannabinol concentration of a random sample of
19 the homogenized material.

20 (d) This section does not prohibit a license holder from
21 harvesting plants immediately after a preharvest sample is
22 collected.

23 Sec. 122.154. PREHARVEST SAMPLE COLLECTION. (a) A license
24 holder shall notify the department at least 20 days before the date
25 the license holder expects to harvest plants from a plot in the
26 manner prescribed by department rule.

27 (b) A sample must be collected by the department or another

1 entity described by Section 122.151(a) for purposes of preharvest
2 testing under Section 122.153.

3 (c) The department by rule may prescribe reasonable
4 procedures for submitting a preharvest sample collected under this
5 section to a testing laboratory selected by the license holder.

6 Sec. 122.155. OPTIONAL POSTHARVEST TESTING. (a) The
7 department by rule shall allow a license holder to have a single
8 postharvest test performed on a representative sample of plants
9 from a plot if the results of the preharvest test representing the
10 plot show a delta-9 tetrahydrocannabinol concentration of more than
11 0.3 percent on a dry weight basis.

12 (b) The department by rule shall prescribe the requirements
13 for a representative sample and for sample collection under this
14 section.

15 (c) If a license holder fails to request postharvest testing
16 on or before the 15th day after the date the license holder is
17 notified of the results of the preharvest test, the results of the
18 preharvest test are final.

19 Sec. 122.156. SHIPPING DOCUMENTATION FOR TEST SAMPLES. The
20 department shall issue documentation to an entity authorized to
21 collect samples of plants for testing that authorizes the
22 transportation of those samples from the place of collection to a
23 testing laboratory described by Section 122.151(a).

24 Sec. 122.157. FALSE LABORATORY REPORT; CRIMINAL OFFENSE.

25 (a) A person commits an offense if the person, with the intent to
26 deceive, forges, falsifies, or alters the results of a laboratory
27 test required or authorized under this chapter.

1 (b) An offense under Subsection (a) is a third degree
2 felony.

3 SUBCHAPTER E. HARVEST AND USE OR DISPOSAL OF PLANTS

4 Sec. 122.201. HARVEST. (a) A license holder shall harvest
5 the plants from a plot not later than the 20th day after the date a
6 preharvest sample is collected under Section 122.154 unless field
7 conditions delay harvesting or the department authorizes the
8 license holder to delay harvesting. This subsection does not
9 prohibit the license holder from harvesting the plants immediately
10 after the preharvest sample is collected.

11 (b) A license holder may not sell or use harvested plants
12 before the results of a preharvest and, if applicable, postharvest
13 test performed on a sample representing the plants are received. If
14 the test results are not received before the plants are harvested,
15 the license holder shall dry and store the harvested plants until
16 the results are received.

17 (c) A license holder may not commingle harvested plants
18 represented by one sample with plants represented by another sample
19 until the results of the tests are received.

20 Sec. 122.202. USE OR DISPOSAL OF HARVESTED PLANTS. (a) If
21 the results of a preharvest or postharvest test performed on a
22 sample show a delta-9 tetrahydrocannabinol concentration of not
23 more than 0.3 percent on a dry weight basis, the license holder may
24 sell or use the plants represented by the sample for any purpose
25 allowed by law.

26 (b) If the results of a preharvest and, if applicable,
27 postharvest test performed on a sample show a delta-9

1 tetrahydrocannabinol concentration of more than 0.3 percent on a
2 dry weight basis:

3 (1) the license holder shall dispose of or destroy all
4 plants represented by the sample:

5 (A) in the manner prescribed by federal law; or

6 (B) in a manner approved by the department that
7 does not conflict with federal law; or

8 (2) if the department determines the plants
9 represented by the sample reached that concentration solely as a
10 result of negligence, the license holder is subject to Section
11 122.403(c) and may:

12 (A) trim the plants until the delta-9
13 tetrahydrocannabinol concentration of the plants is not more than
14 0.3 percent on a dry weight basis and dispose of the noncompliant
15 parts of the plants in a manner approved by the department;

16 (B) process the plants into fiber with a delta-9
17 tetrahydrocannabinol concentration of not more than 0.3 percent on
18 a dry weight basis and dispose of any remaining parts of the plants
19 in a manner approved by the department; or

20 (C) take any other corrective action consistent
21 with federal regulations adopted under 7 U.S.C. Chapter 38,
22 Subchapter VII.

23 SUBCHAPTER F. HEMP SEED

24 Sec. 122.251. APPLICABILITY OF SUBCHAPTER. This subchapter
25 does not apply to sterilized seeds that are incapable of beginning
26 germination.

27 Sec. 122.252. CERTIFICATION OR APPROVAL. (a) The

1 department or an entity authorized to certify seed under Chapter 62
2 shall identify and certify or approve seed confirmed to produce
3 hemp.

4 (b) The department or entity may not certify or approve a
5 variety of hemp seed if the seed is tested and confirmed to produce
6 a plant that has delta-9 tetrahydrocannabinol concentration of more
7 than 0.3 percent on a dry weight basis. For purposes of this
8 subsection, the department may partner with a private entity or an
9 institution of higher education to test seed for the purpose of
10 certification or approval under this section.

11 (c) The department may authorize the importation of hemp
12 seed certified in accordance with the law of another state or
13 jurisdiction that requires as a condition of certification that
14 hemp be produced in compliance with:

15 (1) that state or jurisdiction 's plan approved by the
16 United States Department of Agriculture under 7 U.S.C. Section
17 1639p; or

18 (2) a plan established under 7 U.S.C. Section 1639q if
19 that plan applies in the state or jurisdiction.

20 (d) The department shall maintain and make available to
21 license holders a list of hemp seeds certified or approved under
22 this section.

23 Sec. 122.253. PROHIBITED USE OF CERTAIN HEMP SEED. A person
24 may not sell, offer for sale, distribute, or use hemp seed in this
25 state unless the seed is certified or approved under Section
26 122.252.

SUBCHAPTER G. NONCONSUMABLE HEMP PRODUCTS

Sec. 122.301. MANUFACTURE. (a) Except as provided by Subsection (b), a state agency may not prohibit a person who manufactures a product regulated by the agency, other than an article regulated under Chapter 431, Health and Safety Code, from applying for or obtaining a permit or other authorization to manufacture the product solely on the basis that the person intends to manufacture the product as a nonconsumable hemp product.

(b) A state agency may not authorize a person to manufacture a product containing hemp for smoking, as defined by Section 443.001, Health and Safety Code.

Sec. 122.302. POSSESSION, TRANSPORTATION, AND SALE. (a) Notwithstanding any other law, a person may possess, transport, sell, and purchase legally produced nonconsumable hemp products in this state.

(b) The department by rule must provide to a retailer of nonconsumable hemp products fair notice of a potential violation concerning hemp products sold by the retailer and an opportunity to cure a violation made unintentionally or negligently.

Sec. 122.303. RETAIL SALE OF OUT-OF-STATE PRODUCTS. A nonconsumable hemp product manufactured outside of this state may be sold at retail in this state unless:

(1) the hemp used to manufacture the product was cultivated illegally; or

(2) the retail sale of the product in this state violates federal law.

Sec. 122.304. TRANSPORTATION AND EXPORTATION OUT OF STATE.

1 Nonconsumable hemp products may be legally transported across state
2 lines and exported to foreign jurisdictions in a manner that is
3 consistent with federal law and the laws of respective foreign
4 jurisdictions.

5 SUBCHAPTER H. TRANSPORTATION REQUIREMENTS

6 Sec. 122.351. DEFINITION. In this subchapter, "peace
7 officer" has the meaning assigned by Article 2.12, Code of Criminal
8 Procedure.

9 Sec. 122.352. POLICY. It is the policy of this state to not
10 interfere with the interstate commerce of hemp or the transshipment
11 of hemp through this state.

12 Sec. 122.353. INTERSTATE TRANSPORTATION. To the extent of
13 a conflict between a provision of this chapter and a provision of
14 federal law involving interstate transportation of hemp, including
15 a United States Department of Agriculture regulation, federal law
16 controls and conflicting provisions of this chapter do not apply.

17 Sec. 122.354. DEPARTMENT RULES. The department, in
18 consultation with the Department of Public Safety, shall adopt
19 rules regulating the transportation of hemp in this state to ensure
20 that illegal marihuana is not transported into or through this
21 state disguised as legal hemp.

22 Sec. 122.355. HEMP TRANSPORTATION ACCOUNT. (a) The hemp
23 transportation account is a dedicated account in the general
24 revenue fund administered by the department. The account consists
25 of:

26 (1) civil penalties collected under this subchapter;

27 and

1 (2) interest and income earned on the investment of
2 money in the account.

3 (b) Money in the account may be appropriated only to the
4 department for the administration and enforcement of this
5 subchapter. The department may transfer money appropriated under
6 this subsection to the Department of Public Safety for the
7 administration and enforcement of that department 's powers and
8 duties under this subchapter, unless prohibited by other law.

9 Sec. 122.356. DOCUMENTATION AND OTHER SHIPPING
10 REQUIREMENTS. (a) A person may not transport hemp plant material

11 in this state unless the hemp:

12 (1) is produced in compliance with:

13 (A) a state or tribal plan approved by the United
14 States Department of Agriculture under 7 U.S.C. Section 1639p; or

15 (B) a plan established under 7 U.S.C. Section
16 1639q if the hemp was cultivated in an area where that plan applies;

17 and

18 (2) is accompanied by:

19 (A) a shipping certificate or cargo manifest
20 issued under Section 122.055 if the hemp originated in this state;

21 or

22 (B) documentation containing the name and
23 address of the place where the hemp was cultivated and a statement
24 that the hemp was produced in compliance with 7 U.S.C. Chapter 38,
25 Subchapter VII, if the hemp originated outside this state.

26 (b) A person transporting hemp plant material in this state:

27 (1) may not concurrently transport any cargo that is

1 not hemp plant material; and

2 (2) shall furnish the documentation required by this
3 section to the department or any peace officer on request.

4 Sec. 122.357. AGRICULTURAL PESTS AND DISEASES. A person
5 may not transport in this state hemp that contains an agricultural
6 pest or disease as provided by department rule.

7 Sec. 122.358. POWERS AND DUTIES OF PEACE OFFICERS. (a) A
8 peace officer may inspect and collect a reasonably sized sample of
9 any material from the plant Cannabis sativa L. found in a vehicle to
10 determine the delta-9 tetrahydrocannabinol concentration of the
11 plant material. Unless a peace officer has probable cause to
12 believe the plant material is marihuana, the peace officer may not:

13 (1) seize the plant material; or

14 (2) arrest the person transporting the plant material.

15 (b) A peace officer may detain any hemp being transported in
16 this state until the person transporting the hemp provides the
17 documentation required by Section 122.356. The peace officer shall
18 immediately release the hemp to the person if the person produces
19 documentation required by that section.

20 (c) If a peace officer has probable cause to believe that a
21 person transporting hemp in this state is also transporting
22 marihuana or a controlled substance, as defined by Section 481.002,
23 Health and Safety Code, or any other illegal substance under state
24 or federal law, the peace officer may seize and impound the hemp
25 along with the controlled or illegal substance.

26 (d) This subchapter does not limit or restrict a peace
27 officer from enforcing to the fullest extent the laws of this state

1 regulating marihuana and controlled substances, as defined by
2 Section 481.002, Health and Safety Code.

3 Sec. 122.359. CIVIL PENALTY. (a) A person who violates
4 Section 122.356 is liable to this state for a civil penalty in an
5 amount not to exceed \$500 for each violation.

6 (b) The attorney general or any district or county attorney
7 may bring an action to recover the civil penalty.

8 (c) A civil penalty collected under this section must be
9 deposited in the hemp transportation account under Section 122.355.

10 Sec. 122.360. CRIMINAL OFFENSE. (a) A person commits an
11 offense if the person violates Section 122.356.

12 (b) An offense under this section is a misdemeanor
13 punishable by a fine of not more than \$1,000.

14 SUBCHAPTER I. ENFORCEMENT; PENALTIES

15 Sec. 122.401. PENALTY SCHEDULE. (a) The department by rule
16 shall adopt a schedule of sanctions and penalties for violations of
17 this chapter and rules adopted under this chapter that does not
18 conflict with 7 U.S.C. Section 1639p(e).

19 (b) A penalty collected under this chapter other than a
20 civil penalty collected under Subchapter H must be deposited in the
21 state hemp production account under Section 122.003.

22 Sec. 122.402. ADMINISTRATIVE PENALTY. Except as provided
23 by Section 122.403 and to the extent permitted under 7 U.S.C.
24 Section 1639p(e), the department may impose an administrative
25 penalty or other administrative sanction for a violation of this
26 chapter or a rule or order adopted under this chapter, including a
27 penalty or sanction under Section 12.020 or 12.0201.

Sec. 122.403. NEGLIGENT VIOLATIONS BY LICENSE HOLDER. (a)

If the department determines that a license holder negligently violated this chapter or a rule adopted under this chapter, the department shall enforce the violation in the manner provided by 7 U.S.C. Section 1639p(e).

(b) A license holder described by Subsection (a) is not subject to a civil, criminal, or administrative enforcement action other than an enforcement action provided by this chapter.

(c) A license holder who violates this chapter by cultivating plants described by Section 122.202(b)(2):

(1) must comply with an enhanced testing protocol developed by the department;

(2) shall pay a fee in the amount of \$500 for each violation to cover the department 's costs of administering the enhanced testing protocol; and

(3) shall be included on a list maintained by the department of license holders with negligent violations, which is public information for purposes of Chapter 552, Government Code.

(d) A person who negligently violates this chapter three times in any five-year period may not cultivate, process, or otherwise produce hemp in this state before the fifth anniversary of the date of the third violation. The department shall include each person subject to this subsection on a list of banned producers, which is public information for purposes of Chapter 552, Government Code.

Sec. 122.404. OTHER VIOLATIONS BY LICENSE HOLDER. If the department suspects or determines that a license holder violated

1 this chapter or a rule adopted under this chapter with a culpable
2 mental state greater than negligence, the department shall
3 immediately report the license holder to:

4 (1) the United States attorney general; and

5 (2) the attorney general of this state, who may:

6 (A) investigate the violation;

7 (B) institute proceedings for injunctive or
8 other appropriate relief on behalf of the department; or

9 (C) report the matter to the Department of Public
10 Safety and any other appropriate law enforcement agency.

11 SECTION 3. Subchapter A, Chapter 141, Agriculture Code, is
12 amended by adding Section 141.008 to read as follows:

13 Sec. 141.008. HEMP IN COMMERCIAL FEED. The service may
14 adopt rules authorizing, defining, and controlling the use of hemp
15 and hemp products in commercial feed.

16 SECTION 4. Subchapter A, Chapter 431, Health and Safety
17 Code, is amended by adding Section 431.011 to read as follows:

18 Sec. 431.011. APPLICABILITY OF CHAPTER TO CONSUMABLE HEMP
19 PRODUCTS AND MANUFACTURERS. (a) This chapter applies to a
20 consumable hemp product subject to Chapter 443. An article
21 regulated under this chapter may not be deemed to be adulterated
22 solely on the basis that the article is a consumable hemp product.

23 (b) Except as provided by Subsection (c), this chapter
24 applies to the conduct of a person who holds a license under Chapter
25 443.

26 (c) A person who holds a license under Chapter 443 related
27 to the processing of hemp or the manufacturing of a consumable hemp

1 product regulated under that chapter and is engaging in conduct
2 within the scope of that license is not required to hold a license
3 as a food manufacturer or food wholesaler under Subchapter J.

4 SECTION 5. Section 431.043, Health and Safety Code, is
5 amended to read as follows:

6 Sec. 431.043. ACCESS TO RECORDS. A person who is required
7 to maintain records under this chapter or Section 519 or 520(g) of
8 the federal Act or a person who is in charge or custody of those
9 records shall, at the request of the department or a health
10 authority, permit the department or health authority at all
11 reasonable times access to and to copy and verify the records ,
12 including records that verify that the hemp in a consumable hemp
13 product was produced in accordance with Chapter 122, Agriculture
14 Code, or 7 U.S.C. Chapter 38, Subchapter VII.

15 SECTION 6. Section 431.2211, Health and Safety Code, is
16 amended by adding Subsection (a-3) to read as follows:

17 (a-3) A person is not required to hold a license under this
18 subchapter if the person holds a license under Chapter 443 and is
19 engaging in conduct within the scope of that license.

20 SECTION 7. Subtitle A, Title 6, Health and Safety Code, is
21 amended by adding Chapter 443 to read as follows:

22 CHAPTER 443. MANUFACTURE, DISTRIBUTION, AND SALE OF CONSUMABLE

23 HEMP PRODUCTS

24 SUBCHAPTER A. GENERAL PROVISIONS

25 Sec. 443.001. DEFINITIONS. In this chapter:

26 (1) "Consumable hemp product" means food, a drug, a
27 device, or a cosmetic, as those terms are defined by Section

1 431.002, that contains hemp or one or more hemp-derived
2 cannabinoids, including cannabidiol.

3 (2) "Department" means the Department of State Health
4 Services.

5 (3) "Establishment" means each location where a person
6 processes hemp or manufactures a consumable hemp product.

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

9 (5) "Hemp" has the meaning assigned by Section
10 121.001, Agriculture Code.

11 (6) "License" means a consumable hemp product
12 manufacturer 's license issued under this chapter.

13 (7) "License holder" means an individual or business
14 entity holding a license.

15 (8) "Manufacture" has the meaning assigned by Section
16 431.002.

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

19 (A) sold as a consumable hemp product;

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

22 (C) incorporated into a consumable hemp product;

23 or

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

26 (10) "QR code" means a quick response machine-readable
27 code that can be read by a camera, consisting of an array of black

1 and white squares used for storing information or directing or
2 leading a user to additional information.

3 (11) "Smoking" means burning or igniting a substance
4 and inhaling the smoke or heating a substance and inhaling the
5 resulting vapor or aerosol.

6 Sec. 443.002. APPLICABILITY OF OTHER LAW. Except as
7 provided by Section 431.011(c), Chapter 431 applies to a license
8 holder and a consumable hemp product regulated under this chapter.

9 Sec. 443.003. LOCAL REGULATION PROHIBITED. A municipality,
10 county, or other political subdivision of this state may not enact,
11 adopt, or enforce a rule, ordinance, order, resolution, or other
12 regulation that prohibits the processing of hemp or the
13 manufacturing or sale of a consumable hemp product as authorized by
14 this chapter.

15 Sec. 443.004. SEVERABILITY. (a) A provision of this
16 chapter or its application to any person or circumstance is invalid
17 if the secretary of the United States Department of Agriculture
18 determines that the provision or application conflicts with 7
19 U.S.C. Chapter 38, Subchapter VII, and prevents the approval of the
20 state plan submitted under Chapter 121, Agriculture Code.

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

26 SUBCHAPTER B. POWERS AND DUTIES

27 Sec. 443.051. RULEMAKING AUTHORITY OF EXECUTIVE

1 COMMISSIONER. The executive commissioner shall adopt rules and
2 procedures necessary to administer and enforce this chapter. Rules
3 and procedures adopted under this section must be consistent with:

4 (1) an approved state plan submitted to the United
5 States Department of Agriculture under Chapter 121, Agriculture
6 Code; and

7 (2) 7 U.S.C. Chapter 38, Subchapter VII, and federal
8 regulations adopted under that subchapter.

9 SUBCHAPTER C. CONSUMABLE HEMP PRODUCT MANUFACTURER LICENSE

10 Sec. 443.101. LICENSE REQUIRED; EXCEPTIONS. A person may
11 not process hemp or manufacture a consumable hemp product in this
12 state unless the person holds a license under this subchapter.

13 Sec. 443.102. LICENSE INELIGIBILITY. (a) An individual
14 who is or has been convicted of a felony relating to a controlled
15 substance under federal law or the law of any state may not, before
16 the 10th anniversary of the date of the conviction:

17 (1) hold a license under this subchapter; or

18 (2) be a governing person of an establishment that
19 holds a license under this subchapter.

20 (b) The department may not issue a license under this
21 subchapter to a person who materially falsifies any information
22 contained in an application submitted to the department under
23 Section 443.103.

24 Sec. 443.103. APPLICATION; ISSUANCE. An individual or
25 establishment may apply for a license under this subchapter by
26 submitting an application to the department on a form and in the
27 manner prescribed by the department. The application must be

1 accompanied by:

2 (1) a legal description of each location where the
3 applicant intends to process hemp or manufacture consumable hemp
4 products and the global positioning system coordinates for the
5 perimeter of each location;

6 (2) written consent from the applicant or the property
7 owner if the applicant is not the property owner allowing the
8 department, the Department of Public Safety, and any other state or
9 local law enforcement agency to enter onto all premises where hemp
10 is processed or consumable hemp products are manufactured to
11 conduct a physical inspection or to ensure compliance with this
12 chapter and rules adopted under this chapter;

13 (3) any fees required by the department to be
14 submitted with the application; and

15 (4) any other information required by department rule.

16 Sec. 443.104. TERM; RENEWAL. (a) A license is valid for
17 one year and may be renewed as provided by this section.

18 (b) The department shall renew a license if the license
19 holder:

20 (1) is not ineligible to hold the license under
21 Section 443.102;

22 (2) submits to the department any license renewal fee;
23 and

24 (3) does not owe any outstanding fees to the
25 department.

26 Sec. 443.105. REVOCATION. The department shall revoke a
27 license if the license holder is convicted of a felony relating to a

1 controlled substance under federal law or the law of any state.

2 SUBCHAPTER D. TESTING OF CONSUMABLE HEMP PRODUCTS

3 Sec. 443.151. TESTING REQUIRED. (a) A consumable hemp
4 product must be tested as provided by:

5 (1) Subsections (b) and (c); or

6 (2) Subsection (d).

7 (b) Before a hemp plant is processed or otherwise used in
8 the manufacture of a consumable hemp product, a sample representing
9 the plant must be tested, as required by the executive
10 commissioner, to determine:

11 (1) the concentration of various cannabinoids; and

12 (2) the presence or quantity of heavy metals,
13 pesticides, and any other substance prescribed by the department.

14 (c) Before material extracted from hemp by processing is
15 sold as, offered for sale as, or incorporated into a consumable hemp
16 product, the material must be tested, as required by the executive
17 commissioner, to determine:

18 (1) the presence of harmful microorganisms; and

19 (2) the presence or quantity of:

20 (A) any residual solvents used in processing, if
21 applicable; and

22 (B) any other substance prescribed by the
23 department.

24 (d) Except as otherwise provided by Subsection (e), before a
25 consumable hemp product is sold at retail or otherwise introduced
26 into commerce in this state, a sample representing the hemp product
27 must be tested:

1 (1) by a laboratory that is accredited by an
2 accreditation body in accordance with International Organization
3 for Standardization ISO/IEC 17025 or a comparable or successor
4 standard to determine the delta-9 tetrahydrocannabinol
5 concentration of the product; and

6 (2) by an appropriate laboratory to determine that the
7 product does not contain a substance described by Subsection (b) or
8 (c) in a quantity prohibited for purposes of those subsections.

9 (e) A consumable hemp product is not required to be tested
10 under Subsection (d) if each hemp-derived ingredient of the
11 product:

12 (1) has been tested in accordance with:

13 (A) Subsections (b) and (c); or

14 (B) Subsection (d); and

15 (2) does not have a delta-9 tetrahydrocannabinol
16 concentration of more than 0.3 percent.

17 Sec. 443.152. PROVISIONS RELATED TO TESTING. (a) A
18 consumable hemp product that has a delta-9 tetrahydrocannabinol
19 concentration of more than 0.3 percent may not be sold at retail or
20 otherwise introduced into commerce in this state.

21 (b) A person licensed under Chapter 122, Agriculture Code,
22 shall provide to a license holder who is processing hemp harvested
23 by the person or otherwise using that hemp to manufacture a
24 consumable hemp product the results of a test conducted under that
25 chapter, if available, as proof that the delta-9
26 tetrahydrocannabinol concentration of the hemp does not exceed 0.3
27 percent, including for purposes of Section 443.151(b)(1).

1 (c) A license holder shall make available to a seller of a
2 consumable hemp product processed or manufactured by the license
3 holder the results of testing required by Section 443.151. The
4 results may accompany a shipment to the seller or be made available
5 to the seller electronically. If the results are not able to be
6 made available, the seller may have the testing required under
7 Section 443.151 performed on the product and shall make the results
8 available to a consumer.

9 SUBCHAPTER E. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

10 Sec. 443.201. POSSESSION, TRANSPORTATION, AND SALE OF
11 CONSUMABLE HEMP PRODUCTS. (a) A person may possess, transport,
12 sell, or purchase a consumable hemp product processed or
13 manufactured in compliance with this chapter.

14 (b) The executive commissioner by rule must provide to a
15 retailer of consumable hemp products fair notice of a potential
16 violation concerning consumable hemp products sold by the retailer
17 and an opportunity to cure a violation made unintentionally or
18 negligently.

19 Sec. 443.202. REGULATION OF CERTAIN CANNABINOID OILS. (a)
20 This section does not apply to low-THC cannabis regulated under
21 Chapter 487.

22 (b) Notwithstanding any other law, a person may not sell,
23 offer for sale, possess, distribute, or transport a cannabinoid
24 oil, including cannabidiol oil, in this state:

25 (1) if the oil contains any material extracted or
26 derived from the plant Cannabis sativa L., other than from hemp
27 produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII;

1 and

2 (2) unless a sample representing the oil has been
3 tested by a laboratory that is accredited by an independent
4 accreditation body in accordance with International Organization
5 for Standardization ISO/IEC 17025 or a comparable or successor
6 standard and found to have a delta-9 tetrahydrocannabinol
7 concentration of not more than 0.3 percent.

8 (c) The department and the Department of Public Safety shall
9 establish a process for the random testing of cannabinoid oil,
10 including cannabidiol oil, at various retail and other
11 establishments that sell, offer for sale, distribute, or use the
12 oil to ensure that the oil:

13 (1) does not contain harmful ingredients;

14 (2) is produced in compliance with 7 U.S.C. Chapter
15 38, Subchapter VII; and

16 (3) has a delta-9 tetrahydrocannabinol concentration
17 of not more than 0.3 percent.

18 Sec. 443.2025. REGISTRATION REQUIRED FOR RETAILERS OF
19 CERTAIN PRODUCTS. (a) This section does not apply to low-THC
20 cannabis regulated under Chapter 487.

21 (b) A person may not sell consumable hemp products
22 containing cannabidiol at retail in this state unless the person
23 registers with the department each location owned, operated, or
24 controlled by the person at which those products are sold. A person
25 is not required to register a location associated with an employee
26 or independent contractor described by Subsection (d).

27 (c) The department may issue a single registration under

1 Subsection (b) covering multiple locations owned, operated, or
2 controlled by a person.

3 (d) A person is not required to register with the department
4 under Subsection (b) if the person is:

5 (1) an employee of a registrant; or

6 (2) an independent contractor of a registrant who
7 sells the registrant 's products at retail.

8 (e) A registration is valid for one year and may be renewed
9 as prescribed by department rule.

10 (f) The department by rule may adopt a registration fee
11 schedule that establishes reasonable fee amounts for the
12 registration of:

13 (1) a single location at which consumable hemp
14 products containing cannabidiol are sold; and

15 (2) multiple locations at which consumable hemp
16 products containing cannabidiol are sold under a single
17 registration.

18 (g) The department shall adopt rules to implement and
19 administer this section.

20 Sec. 443.203. DECEPTIVE TRADE PRACTICE. (a) A person who
21 sells, offers for sale, or distributes a cannabinoid oil, including
22 cannabidiol oil, that the person claims is processed or
23 manufactured in compliance with this chapter commits a false,
24 misleading, or deceptive act or practice actionable under
25 Subchapter E, Chapter 17, Business & Commerce Code, if the oil is
26 not processed or manufactured in accordance with this chapter.

27 (b) A person who sells, offers for sale, or distributes a

1 cannabinoid oil commits a false, misleading, or deceptive act or
2 practice actionable under Subchapter E, Chapter 17, Business &
3 Commerce Code, if the oil:

- 4 (1) contains harmful ingredients;
5 (2) is not produced in compliance with 7 U.S.C.
6 Chapter 38, Subchapter VII; or
7 (3) has a delta-9 tetrahydrocannabinol concentration
8 of more than 0.3 percent.

9 Sec. 443.204. RULES RELATED TO SALE OF CONSUMABLE HEMP
10 PRODUCTS. Rules adopted by the executive commissioner regulating
11 the sale of consumable hemp products must to the extent allowable by
12 federal law reflect the following principles:

- 13 (1) hemp-derived cannabinoids, including cannabidiol,
14 are not considered controlled substances or adulterants;
15 (2) products containing one or more hemp-derived
16 cannabinoids, such as cannabidiol, intended for ingestion are
17 considered foods, not controlled substances or adulterated
18 products;
19 (3) consumable hemp products must be packaged and
20 labeled in the manner provided by Section 443.205; and
21 (4) the processing or manufacturing of a consumable
22 hemp product for smoking is prohibited.

23 Sec. 443.205. PACKAGING AND LABELING REQUIREMENTS. (a)
24 Before a consumable hemp product that contains or is marketed as
25 containing more than trace amounts of cannabinoids may be
26 distributed or sold, the product must be labeled in the manner
27 provided by this section with the following information:

1 (1) batch identification number;
2 (2) batch date;
3 (3) product name;
4 (4) a uniform resource locator (URL) that provides or
5 links to a certificate of analysis for the product or each
6 hemp-derived ingredient of the product;
7 (5) the name of the product 's manufacturer; and
8 (6) a certification that the delta-9
9 tetrahydrocannabinol concentration of the product or each
10 hemp-derived ingredient of the product is not more than 0.3
11 percent.

12 (b) The label required by Subsection (a) may be in the form
13 of:

14 (1) a uniform resource locator (URL) for the
15 manufacturer 's Internet website that provides or links to the
16 information required by that subsection; and
17 (2) a QR code or other bar code that may be scanned and
18 that leads to the information required by that subsection.

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

23 (d) This section does not apply to sterilized seeds
24 incapable of beginning germination.

25 Sec. 443.206. RETAIL SALE OF OUT-OF-STATE CONSUMABLE HEMP
26 PRODUCTS. Retail sales of consumable hemp products processed or
27 manufactured outside of this state may be made in this state when

1 the products were processed or manufactured in another state or
2 jurisdiction in compliance with:

3 (1) that state or jurisdiction 's plan approved by the
4 United States Department of Agriculture under 7 U.S.C. Section
5 1639p;

6 (2) a plan established under 7 U.S.C. Section 1639q if
7 that plan applies to the state or jurisdiction; or

8 (3) the laws of that state or jurisdiction if the
9 products are tested in accordance with, or in a manner similar to,
10 Section 443.151.

11 Sec. 443.207. TRANSPORTATION AND EXPORTATION OF CONSUMABLE
12 HEMP PRODUCTS OUT OF STATE. Consumable hemp products may be legally
13 transported across state lines and exported to foreign
14 jurisdictions in a manner that is consistent with federal law and
15 the laws of respective foreign jurisdictions.

16 SECTION 8. Sections 481.002(5) and (26), Health and Safety
17 Code, are amended to read as follows:

18 (5) "Controlled substance" means a substance,
19 including a drug, an adulterant, and a dilutant, listed in
20 Schedules I through V or Penalty Group 1, 1-A, 2, 2-A, 3, or 4. The
21 term includes the aggregate weight of any mixture, solution, or
22 other substance containing a controlled substance. The term does
23 not include hemp, as defined by Section 121.001, Agriculture Code,
24 or the tetrahydrocannabinols in hemp.

25 (26) "Marihuana" means the plant Cannabis sativa L.,
26 whether growing or not, the seeds of that plant, and every compound,
27 manufacture, salt, derivative, mixture, or preparation of that

1 plant or its seeds. The term does not include:

2 (A) the resin extracted from a part of the plant
3 or a compound, manufacture, salt, derivative, mixture, or
4 preparation of the resin;

5 (B) the mature stalks of the plant or fiber
6 produced from the stalks;

7 (C) oil or cake made from the seeds of the plant;

8 (D) a compound, manufacture, salt, derivative,
9 mixture, or preparation of the mature stalks, fiber, oil, or cake;
10 ~~[or]~~

11 (E) the sterilized seeds of the plant that are
12 incapable of beginning germination ; or

13 (F) hemp, as that term is defined by Section
14 121.001, Agriculture Code.

15 SECTION 9. (a) Not later than the 90th day after the
16 effective date of this Act, the Department of Agriculture shall
17 submit for approval a state plan to the secretary of the United
18 States Department of Agriculture as provided by Section 121.003,
19 Agriculture Code, as added by this Act.

20 (b) The Department of Agriculture shall submit amended
21 state plans as provided by Section 121.003(c), Agriculture Code, as
22 added by this Act, as necessary until the plan is approved.

23 (c) As soon as practicable after the effective date of this
24 Act, the executive commissioner of the Health and Human Services
25 Commission shall adopt rules necessary to implement the changes in
26 law made by this Act.

27 SECTION 10. The Department of Agriculture and the

1 Department of State Health Services shall begin implementing the
2 state plan approved by the secretary of the United States
3 Department of Agriculture not later than the 30th day after the date
4 on which the state plan is approved and shall fully implement the
5 state plan as soon as practicable after the state plan is approved.

6 SECTION 11. Notwithstanding Chapter 443, Health and Safety
7 Code, as added by this Act, a retailer may possess, transport, or
8 sell a consumable hemp product, as defined by Section 443.001,
9 Health and Safety Code, as added by this Act, that becomes part of
10 the retailer 's inventory before rules under Section 443.051, Health
11 and Safety Code, as added by this Act, become effective unless the
12 product:

13 (1) is unsafe for consumption based on the presence or
14 quantity of heavy metals, pesticides, harmful microorganisms, or
15 residual solvents; or

16 (2) has a delta-9 tetrahydrocannabinol concentration
17 of more than 0.3 percent.

18 SECTION 12. Notwithstanding Section 443.2025, Health and
19 Safety Code, as added by this Act, a person is not required to
20 register a location to sell a consumable hemp product containing
21 cannabidiol at retail in this state before the 60th day after the
22 date the Department of State Health Services begins issuing
23 registrations.

24 SECTION 13. This Act takes effect immediately if it
25 receives a vote of two-thirds of all the members elected to each
26 house, as provided by Section 39, Article III, Texas Constitution.
27 If this Act does not receive the vote necessary for immediate

H.B. No. 1325

1 effect, this Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 1325 was passed by the House on April 24, 2019, by the following vote: Yeas 144, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1325 on May 22, 2019, by the following vote: Yeas 140, Nays 3, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1325 was passed by the Senate, with amendments, on May 15, 2019, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor

Exhibit 16

2025 S.B. 3 (Vetoed)

AN ACT

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

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

SECTION 1. Section 443.001, Health and Safety Code, is amended by amending Subdivision (1) and adding Subdivision (8-a) to read as follows:

(1) "Consumable hemp product" means food, a drug, a device, or a cosmetic, as those terms are defined by Section 431.002, that contains hemp or one or more hemp-derived cannabinoids, including cannabidiol or cannabigerol.

(8-a) "Minor" means a person under 21 years of age.

SECTION 2. Chapter 443, Health and Safety Code, is amended by adding Subchapter A-1 to read as follows:

SUBCHAPTER A-1. NONAPPLICABILITY

Sec. 443.021. LOW-THC CANNABIS. This chapter does not apply to low-THC cannabis regulated under Chapter 487.

Sec. 443.022. RESEARCH. This chapter does not apply to research on hemp conducted by:

(1) a medical school, as defined by Section 61.501, Education Code;

1 (2) a hospital licensed under Chapter 241 ; or

2 (3) an institution of higher education or private or
3 independent institution of higher education, as defined by Section
4 61.003 , Education Code.

5 SECTION 3. Subchapter C, Chapter 443 , Health and Safety
6 Code, is amended by adding Section 443.1035 to read as follows:

7 Sec. 443.1035. LICENSING FEES. (a) An applicant for a
8 license under this subchapter shall pay an initial licensing fee to
9 the department in the amount of \$10,000 for each location where the
10 applicant intends to process hemp or manufacture a consumable hemp
11 product.

12 (b) Before the department may renew a license as provided by
13 Section 443.104 , a license holder shall pay a renewal fee to the
14 department in the amount of \$10,000 for each location where the
15 applicant intends to process hemp or manufacture a consumable hemp
16 product.

17 SECTION 4. Section 443.104 (b), Health and Safety Code, is
18 amended to read as follows:

19 (b) The department shall renew a license if the license
20 holder:

21 (1) is not ineligible to hold the license under
22 Section 443.102 ;

23 (2) has not violated this chapter or a rule adopted
24 under this chapter;

25 (3) submits to the department any license renewal fee;
26 and

27 (4) [~~3~~] does not owe any outstanding fees to the

1 department.

2 SECTION 5. Subchapter C, Chapter 443, Health and Safety
3 Code, is amended by adding Section 443.106 to read as follows:

4 Sec. 443.106. RESTRICTION ON MANUFACTURE OF CERTAIN
5 CONSUMABLE HEMP PRODUCTS. A license holder may not manufacture a
6 consumable hemp product that contains any amount of a cannabinoid
7 other than cannabidiol or cannabigerol.

8 SECTION 6. Section 443.151, Health and Safety Code, is
9 amended by amending Subsections (a), (b), and (d) and adding
10 Subsections (d-1) and (d-2) to read as follows:

11 (a) A consumable hemp product must be tested as provided
12 by[:-

13 [~~(1)~~] Subsections (b), ~~[and]~~ (c), ~~and~~; ~~or~~
14 [~~(2) Subsection~~] (d).

15 (b) Before a hemp plant is processed or otherwise used in
16 the manufacture of a consumable hemp product, a sample representing
17 the plant must be tested, as required by the executive
18 commissioner, to determine:

19 (1) the concentration and identity of the ~~[various]~~
20 cannabinoids in the plant; and

21 (2) the presence or quantity of heavy metals,
22 pesticides, microbial contamination, and any other substance
23 prescribed by the department.

24 (d) Before [~~Except as otherwise provided by Subsection (c),~~
25 ~~before~~] a consumable hemp product is sold at retail or otherwise
26 introduced into commerce in this state, a sample representing the
27 hemp product must be tested:

1 (1) by a laboratory that is:

2 (A) located in this state;

3 (B) registered with the United States Drug
4 Enforcement Administration; and

5 (C) accredited by an accreditation body in
6 accordance with International Organization for Standardization
7 ISO/IEC 17025 or a comparable or successor standard to determine
8 the identity and ~~[delta-9-tetrahydrocannabinol]~~ concentration of
9 any cannabinoids contained in the product; and

10 (2) by an appropriate laboratory to determine that the
11 product does not contain a substance described by Subsection (b)(2)
12 ~~[(b)]~~ or (c) in a quantity prohibited for purposes of those
13 subsections.

14 (d-1) The testing required under Subsection (d) must use
15 post-decarboxylation, high-performance liquid chromatography, or a
16 similar method that includes the conversion of
17 tetrahydrocannabinolic acid into tetrahydrocannabinol to determine
18 the total tetrahydrocannabinol concentration in a tested product.

19 (d-2) A person that tests a consumable hemp product under
20 Subsection (d) shall report the test results to the department in
21 the form and manner required by the department.

22 SECTION 7. Sections 443.152 (a) and (c), Health and Safety
23 Code, are amended to read as follows:

24 (a) A consumable hemp product that contains any amount of a
25 cannabinoid other than cannabidiol or cannabigerol ~~[has a delta-9-~~
26 ~~tetrahydrocannabinol concentration of more than 0.3 percent]~~ may
27 not be sold at retail or otherwise introduced into commerce in this

1 state.

2 (c) A license holder shall make available to a seller of a
3 consumable hemp product processed or manufactured by the license
4 holder the results of testing required by Section 443.151 . The
5 results may accompany a shipment to the seller or be made available
6 to the seller electronically. If the results are not able to be
7 made available, the seller may have the testing required under
8 Section 443.151 performed on the product and shall make the results
9 available to a consumer and the department.

10 SECTION 8. Sections 443.202 (b) and (c), Health and Safety
11 Code, are amended to read as follows:

12 (b) Notwithstanding any other law, a person may not sell,
13 offer for sale, possess, distribute, or transport a cannabinoid
14 oil[, ~~including cannabidiol oil,~~] in this state:

15 (1) if the oil contains any material extracted or
16 derived from the plant Cannabis sativa L., other than from hemp
17 produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII;
18 and

19 (2) unless a sample representing the oil has been
20 tested by a laboratory that is accredited by an independent
21 accreditation body in accordance with International Organization
22 for Standardization ISO/IEC 17025 or a comparable or successor
23 standard and found to not contain any amount of a cannabinoid other
24 than cannabidiol or cannabigerol [~~have a delta 9~~
25 ~~tetrahydrocannabinol concentration of not more than 0.3 percent~~].

26 (c) The department [~~and the Department of Public Safety~~]
27 shall establish a process for the [~~random~~] testing of cannabinoid

1 oil[, ~~including cannabidiol oil,~~] at various retail and other
2 establishments that sell, offer for sale, distribute, or use the
3 oil to ensure that the oil:

- 4 (1) does not contain harmful ingredients;
- 5 (2) is produced in compliance with 7 U.S.C. Chapter
6 38, Subchapter VII; and
- 7 (3) does not contain any amount of a cannabinoid other
8 than cannabidiol or cannabigerol [~~has a delta 9~~
9 ~~tetrahydrocannabinol concentration of not more than 0.3 percent~~].

10 SECTION 9. The heading to Section [443.2025](#), Health and
11 Safety Code, is amended to read as follows:

12 Sec. 443.2025. REGISTRATION REQUIRED FOR RETAILERS OF
13 CERTAIN CONSUMABLE HEMP PRODUCTS.

14 SECTION 10. Section [443.2025](#), Health and Safety Code, is
15 amended by amending Subsections (b), (d), and (f) and adding
16 Subsection (h) to read as follows:

17 (b) A person may not sell consumable hemp products
18 containing a cannabinoid [~~cannabidiol~~] at retail in this state
19 unless the person registers with the department each location
20 owned, operated, or controlled by the person at which those
21 products are sold. A person is not required to register a location
22 associated with an employee [~~or independent contractor~~] described
23 by Subsection (d).

24 (d) A person is not required to register with the department
25 under Subsection (b) if the person is[~~:-~~

- 26 [~~(1)~~] an employee of a registrant[; ~~or~~
- 27 [~~(2)~~] ~~an independent contractor of a registrant who~~

1 ~~sells the registrant 's products at retail].~~

2 (f) The owner of a location at which consumable hemp
3 products are sold shall annually pay to the department a
4 registration fee in the amount of \$20,000 for each location owned by
5 the person at which those products are sold ~~[The department by rule~~
6 ~~may adopt a registration fee schedule that establishes reasonable~~
7 ~~fee amounts for the registration of:~~

8 ~~[(1) a single location at which consumable hemp~~
9 ~~products containing cannabidiol are sold; and~~

10 ~~[(2) multiple locations at which consumable hemp~~
11 ~~products containing cannabidiol are sold under a single~~
12 ~~registration].~~

13 (h) A person may not sell consumable hemp products unless
14 the person has provided to the department written consent from the
15 person or the property owner, if the person is not the property
16 owner, allowing the department, the Department of Public Safety,
17 and any other state or local law enforcement agency to enter onto
18 all premises where consumable hemp products are sold to conduct a
19 physical inspection or to ensure compliance with this chapter and
20 rules adopted under this chapter.

21 SECTION 11. Subchapter E, Chapter 443, Health and Safety
22 Code, is amended by adding Section 443.2026 to read as follows:

23 Sec. 443.2026. CONSUMABLE HEMP PRODUCT REGISTRATION. (a)

24 A consumable hemp product may not be offered for sale in this state
25 unless the manufacturer of the product, before selling the product
26 to a retailer:

27 (1) submits an application for the consumable hemp

1 product to be registered with the department; and

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

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

7 (c) A manufacturer applying to register a consumable hemp
8 product under this section shall pay an application fee to the
9 department in the amount of \$500 for each consumable hemp product.

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

14 (e) Each consumable hemp product, including the container
15 and package, if applicable, must be labeled with:

16 (1) a QR code that links:

17 (A) to the department 's product registration
18 list under Subsection (d); and

19 (B) to the identifying picture of the product
20 provided on registration of the product with the department under
21 Subsection (d) for the purpose of confirming registration of the
22 product and allowing verification of the product by law
23 enforcement; and

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

26 (f) The department may not approve for sale a consumable
27 hemp product that:

1 (1) contains any artificial or synthetic
2 cannabinoids; or

3 (2) contains or is mixed with any alcohol, tobacco,
4 nicotine, kratom, kava, mushrooms, or a derivative of any of those
5 items.

6 (g) A person commits an offense if the person distributes,
7 delivers, sells, purchases, possesses, or uses a consumable hemp
8 product that is not registered with the department as provided by
9 this section.

10 (h) An offense under this section is a Class B misdemeanor.

11 (i) A person is presumed to know a consumable hemp product
12 is prohibited under this chapter if the product is not listed on the
13 department 's Internet website as required by Subsection (d) or does
14 not have a valid QR code under Subsection (e).

15 (j) The executive commissioner shall adopt rules to
16 implement and administer this section.

17 SECTION 12. Section 443.203 , Health and Safety Code, is
18 amended to read as follows:

19 Sec. 443.203. DECEPTIVE TRADE PRACTICE. (a) A person who
20 sells, offers for sale, or distributes a consumable hemp product
21 ~~[cannabinoid oil, including cannabidiol oil,]~~ that the person
22 claims is processed or manufactured in compliance with this chapter
23 commits a false, misleading, or deceptive act or practice
24 actionable under Subchapter E, Chapter 17, Business & Commerce
25 Code, if the product ~~[oil]~~ is not processed or manufactured in
26 accordance with this chapter.

27 (b) A person who sells, offers for sale, or distributes a

1 consumable hemp product [~~cannabinoid oil~~] commits a false,
2 misleading, or deceptive act or practice actionable under
3 Subchapter E, Chapter 17, Business & Commerce Code, if [~~the oil~~]:

4 (1) the product contains harmful ingredients;
5 (2) the product is not produced in compliance with 7
6 U.S.C. Chapter 38, Subchapter VII; [~~or~~]

7 (3) the product contains any amount of a cannabinoid
8 other than cannabidiol or cannabigerol; or

9 (4) the product 's packaging or advertising indicates
10 that the product is for medical use [~~has a delta 9~~
11 ~~tetrahydrocannabinol concentration of more than 0.3 percent~~].

12 SECTION 13. Section 443.204, Health and Safety Code, is
13 amended to read as follows:

14 Sec. 443.204. RULES RELATED TO SALE OF CONSUMABLE HEMP
15 PRODUCTS. Rules adopted by the executive commissioner regulating
16 the sale of consumable hemp products must to the extent allowable by
17 federal law reflect the following principles:

18 (1) hemp-derived [~~cannabinoids, including~~]
19 cannabidiol and cannabigerol[,] — are not considered controlled
20 substances or adulterants;

21 (2) products containing [~~one or more~~] hemp-derived
22 [~~cannabinoids, such as~~] cannabidiol or cannabigerol[,] — intended
23 for ingestion are considered foods, not controlled substances or
24 adulterated products; and

25 (3) consumable hemp products must be packaged and
26 labeled in the manner provided by Section 443.205 [~~, and~~

27 [~~(4) the processing or manufacturing of a consumable~~

1 ~~hemp product for smoking is prohibited].~~

2 SECTION 14. Sections 443.205 (a) and (c), Health and Safety
3 Code, are amended to read as follows:

4 (a) Before a consumable hemp product that contains or is
5 marketed as containing ~~[more than trace amounts of]~~ cannabinoids
6 may be distributed or sold, the product must be:

7 (1) labeled in the manner provided by this subchapter,
8 including ~~[section with]~~ the following information:

9 (A) ~~[(1)]~~ batch identification number;

10 (B) ~~[(2)]~~ batch date;

11 (C) ~~[(3)]~~ product name;

12 (D) ~~[(4)]~~ a uniform resource locator (URL) that
13 provides or links to a certificate of analysis for the product or
14 each hemp-derived ingredient of the product;

15 (E) ~~[(5)]~~ the name of the product's
16 manufacturer;

17 (F) the amount of cannabidiol or cannabigerol in
18 each serving or unit of the product; and

19 (G) ~~[(6)]~~ a certification that there is no
20 detectable amount of any cannabinoid other than cannabidiol or
21 cannabigerol in the product; and

22 (2) prepackaged or placed at the time of sale in
23 packaging or a container that is:

24 (A) tamper-evident;

25 (B) child-resistant; and

26 (C) if the product contains multiple servings or
27 consists of multiple products purchased in one transaction,

1 resealable in a manner that allows the child-resistant mechanism to
2 remain intact [~~the delta 9 tetrahydrocannabinol concentration of~~
3 ~~the product or each hemp derived ingredient of the product is not~~
4 ~~more than 0.3 percent~~].

5 (c) The label required by Subsection (a) must appear on the
6 outer packaging of each unit of the product intended for individual
7 retail sale. [~~If that unit includes inner and outer packaging, the~~
8 ~~label may appear on any of that packaging.~~]

9 SECTION 15. Subchapter E, Chapter 443, Health and Safety
10 Code, is amended by adding Sections 443.2055 and 443.2056 to read as
11 follows:

12 Sec. 443.2055. OFFENSE: MARKETING OF CONSUMABLE HEMP
13 PRODUCT OR PACKAGING IN MANNER ATTRACTIVE TO MINORS. (a) A person
14 commits an offense if the person markets, advertises, sells, or
15 causes to be sold an edible consumable hemp product containing a
16 hemp-derived cannabinoid that:

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

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

20 (A) is in the shape of a human, animal, fruit, or
21 cartoon or in another shape that is attractive to children;

22 (B) depicts an image of a human, animal, fruit,
23 or cartoon or another image that is attractive to children;

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

26 (D) includes a symbol that is primarily used to
27 market products to minors;

1 (E) includes an image of a celebrity; or

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

4 (b) In this section, a cartoon includes a depiction of an
5 object, person, animal, creature, or any similar caricature that:

6 (1) uses comically exaggerated features and
7 attributes;

8 (2) assigns human characteristics to animals, plants,
9 or other objects; or

10 (3) has unnatural or extra-human abilities, such as
11 imperviousness to pain or injury, x-ray vision, tunneling at very
12 high speeds, or transformation.

13 (c) An offense under this section is a Class A misdemeanor.

14 Sec. 443.2056. OFFENSE: MISLEADING CONSUMABLE HEMP
15 PACKAGING. (a) A person commits an offense if the person sells or
16 offers for sale a consumable hemp product that contains or is
17 marketed as containing hemp-derived cannabinoids in a package that
18 depicts any statement, artwork, or design that would likely mislead
19 a person to believe:

20 (1) the package does not contain a hemp-derived
21 cannabinoid; or

22 (2) the product is intended for medical use, including
23 by depicting a green cross.

24 (b) An offense under this section is a Class A misdemeanor.

25 SECTION 16. Section 443.206, Health and Safety Code, is
26 amended to read as follows:

27 Sec. 443.206. RETAIL SALE OF OUT-OF-STATE CONSUMABLE HEMP

1 PRODUCTS. Retail sales of consumable hemp products processed or
2 manufactured outside of this state may be made in this state when
3 the products were processed or manufactured in another state or
4 jurisdiction if the products:

5 (1) were manufactured or processed in compliance with:

6 (A) [~~(1)~~ that state 's [~~state~~ or jurisdiction 's
7 plan approved by the United States Department of Agriculture under
8 7 U.S.C. Section 1639p;

9 (B) [~~(2)~~ a plan established under 7 U.S.C.
10 Section 1639q if that plan applies to the state or jurisdiction; or

11 (C) [~~(3)~~ the laws of that state or jurisdiction
12 if the products are tested in accordance with, or in a manner
13 similar to, Section 443.151 i

14 (2) do not contain any amount of a cannabinoid other
15 than cannabidiol or cannabigerol; and

16 (3) are packaged and labeled in the manner provided by
17 this subchapter.

18 SECTION 17. Chapter 443, Health and Safety Code, is amended
19 by adding Subchapters F and G to read as follows:

20 SUBCHAPTER F. CRIMINAL OFFENSES

21 Sec. 443.251. OFFENSE: MANUFACTURE, DELIVERY, OR
22 POSSESSION WITH INTENT TO DELIVER OF CERTAIN CONSUMABLE HEMP
23 PRODUCTS. (a) A person commits an offense if the person knowingly
24 manufactures, delivers, or possesses with intent to deliver a
25 consumable hemp product that contains any amount of a cannabinoid
26 other than cannabidiol or cannabigerol.

27 (b) An offense under this section is a felony of the third

1 degree.

2 (c) If conduct constituting an offense under this section
3 also constitutes an offense under another law, the actor may be
4 prosecuted under this section, the other law, or both.

5 Sec. 443.252. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE
6 HEMP PRODUCTS. (a) A person commits an offense if the person
7 knowingly or intentionally possesses a consumable hemp product that
8 contains any amount of a cannabinoid other than cannabidiol or
9 cannabigerol.

10 (b) It is a defense to prosecution under this section that
11 the actor:

12 (1) requested emergency medical assistance in
13 response to the person 's own possible overdose or the possible
14 overdose of another person; and

15 (2) if the person requested emergency medical
16 assistance for the possible overdose of another person:

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

19 (B) cooperated with medical assistance and law
20 enforcement personnel on the scene.

21 (c) An offense under this section is a Class C misdemeanor,
22 except that if it is shown on the trial of the offense that at the
23 time of the offense the actor has been previously convicted of an
24 offense under this section two or more times, the offense is a
25 misdemeanor punishable by:

26 (1) a fine of not less than \$250 and not more than
27 \$2,000;

1 (2) confinement in jail for a term not to exceed 180
2 days; or

3 (3) both the fine and the confinement.

4 (d) The court shall order:

5 (1) a person placed on deferred disposition for or
6 convicted of an offense under this section to:

7 (A) perform community service for:

8 (i) not less than 8 or more than 12 hours if
9 the person has not been previously convicted of an offense under
10 this section; or

11 (ii) not less than 20 or more than 40 hours
12 if the person has been previously convicted of an offense under this
13 section; and

14 (B) successfully complete a substance misuse
15 education program under Section 521.374 (a)(1), Transportation
16 Code, that is regulated by the Texas Department of Licensing and
17 Regulation under Chapter 171, Government Code; and

18 (2) the Department of Public Safety to suspend the
19 driver 's license or permit of a person convicted of an offense under
20 this section or, if the person does not have a driver 's license or
21 permit, to deny the issuance of a driver 's license or permit for:

22 (A) 30 days, if the person has not been
23 previously convicted of an offense under this section;

24 (B) 60 days, if the person has been previously
25 convicted once of an offense under this section; or

26 (C) 180 days, if the person has been previously
27 convicted twice or more of an offense under this section.

1 (e) A driver 's license suspension under Subsection (d)(2)
2 takes effect on the 11th day after the date the person is convicted.

3 (f) A person who has been previously convicted of an offense
4 under this section two or more times is not eligible to receive
5 deferred disposition or deferred adjudication for an offense under
6 this section.

7 (g) Community service ordered under Subsection (d) must be
8 related to education about or prevention of misuse of drugs if a
9 program or service providing that education or prevention is
10 available in the county in which the court is located. If a program
11 or service providing that education or prevention is not available
12 in the county, the court may order community service appropriate
13 for rehabilitative purposes. The education program under
14 Subsection (d)(1)(B) is in addition to community service ordered
15 under this section.

16 (h) For the purpose of determining whether a person has been
17 previously convicted of an offense under this section:

18 (1) an adjudication under Title 3, Family Code, that
19 the person engaged in conduct described by this section is
20 considered a conviction of an offense under this section; and

21 (2) an order of deferred disposition for an offense
22 alleged under this section is considered a conviction of an offense
23 under this section.

24 (i) If conduct constituting an offense under this section
25 also constitutes an offense under another law, the actor may be
26 prosecuted under this section, the other law, or both.

27 Sec. 443.253. OFFENSE: SALE OR DISTRIBUTION OF CERTAIN

1 CONSUMABLE HEMP PRODUCTS TO PERSONS YOUNGER THAN 21 YEARS OF AGE;
2 PROOF OF AGE REQUIRED. (a) A person commits an offense if the
3 person, with criminal negligence, sells a consumable hemp product
4 that contains or is marketed as containing hemp-derived
5 cannabinoids to a person who is younger than 21 years of age.

6 (b) An employee of the owner of a store in which consumable
7 hemp products that contain or are marketed as containing
8 hemp-derived cannabinoids are sold at retail is criminally
9 responsible and subject to prosecution for an offense under this
10 section that occurs in connection with a sale by the employee.

11 (c) An offense under this section is a Class A misdemeanor.

12 (d) It is a defense to prosecution under Subsection (a) that
13 the person to whom the consumable hemp product was sold presented to
14 the defendant apparently valid proof of identification.

15 (e) A proof of identification satisfies the requirements of
16 Subsection (d) if it contains a physical description and photograph
17 consistent with the person 's appearance, purports to establish that
18 the person is 21 years of age or older, and was issued by a
19 governmental agency. The proof of identification may include a
20 driver 's license issued by this state or another state, a passport,
21 or an identification card issued by a state or the federal
22 government.

23 (f) The owner of a store in which consumable hemp products
24 that contain or are marketed as containing hemp-derived
25 cannabinoids are sold, or an employee of the owner, may not display
26 consumable hemp products for sale adjacent to products that are
27 legal for children to consume.

1 Sec. 443.254. OFFENSE: MANUFACTURE, DISTRIBUTION, OR SALE
2 OF CONSUMABLE HEMP PRODUCTS FOR SMOKING. (a) A person commits an
3 offense if the person manufactures, distributes, sells, or offers
4 for sale a consumable hemp product for smoking.

5 (b) An offense under this section is a Class B misdemeanor.

6 Sec. 443.255. OFFENSE: SALE OR DELIVERY OF CERTAIN
7 CONSUMABLE HEMP PRODUCTS NEAR SCHOOL. (a) In this section,
8 "school" and "premises" have the meanings assigned by Section
9 [481.134](#) .

10 (b) A person commits an offense if the person sells, offers
11 for sale, or delivers a consumable hemp product containing a
12 hemp-derived cannabinoid in, on, or within 1,000 feet of the
13 premises of a school.

14 (c) An offense under this section is a Class B misdemeanor.

15 Sec. 443.256. OFFENSE: PROVISION OF CERTAIN CONSUMABLE HEMP
16 PRODUCT BY COURIER, DELIVERY, OR MAIL SERVICE. (a) A person
17 commits an offense if the person provides a consumable hemp product
18 containing a hemp-derived cannabinoid by courier, delivery, or mail
19 service.

20 (b) An offense under this section is a Class A misdemeanor.

21 Sec. 443.257. OFFENSE: FALSE LABORATORY REPORT. (a) A
22 person commits an offense if the person, with the intent to deceive,
23 forges, falsifies, or alters the results of a laboratory test
24 authorized or required by this chapter.

25 (b) An offense under this section is a felony of the third
26 degree.

27 Sec. 443.258. OFFENSE: MANUFACTURING OR SELLING WITHOUT

1 LICENSE OR REGISTRATION. (a) A person commits an offense if the
2 person:

3 (1) processes hemp or manufactures a consumable hemp
4 product without a license issued under Subchapter C; or

5 (2) sells at retail or offers for sale at retail a
6 consumable hemp product without registering as a retailer under
7 Section 443.2025 .

8 (b) An offense under this section is a felony of the third
9 degree.

10 SUBCHAPTER G. ADMINISTRATIVE ENFORCEMENT

11 Sec. 443.301. ENFORCEMENT BY DEPARTMENT. (a) The
12 department shall receive and investigate complaints concerning
13 violations of this chapter by:

14 (1) a license holder under Subchapter C; or

15 (2) a registrant under Section 443.2025 .

16 (b) The department may revoke, suspend, or refuse to renew a
17 license or registration for a violation of this chapter or a rule
18 adopted under this chapter.

19 (c) The department may impose an administrative penalty in
20 an amount not to exceed \$10,000 against a license holder or
21 registrant for each violation of this chapter or a rule adopted
22 under this chapter.

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

25 SECTION 18. The following provisions of the Health and
26 Safety Code are repealed:

27 (1) Section 443.151 (e);

1 (2) Section 443.201 ; and

2 (3) Sections 443.202 (a) and 443.2025 (a) and (c).

3 SECTION 19. Not later than December 1, 2025, the executive
4 commissioner of the Health and Human Services Commission shall
5 adopt the rules required by Section 443.2026, Health and Safety
6 Code, as added by this Act.

7 SECTION 20. (a) Except as otherwise provided by Subsection
8 (b) of this section, the changes in law made by this Act apply to the
9 manufacture, sale, delivery, or possession of a consumable hemp
10 product that occurs on or after the effective date of this Act. The
11 manufacture, sale, delivery, or possession of a consumable hemp
12 product that occurs before the effective date of this Act is
13 governed by the law in effect on the date the manufacture, sale,
14 delivery, or possession occurred and the former law is continued in
15 effect for that purpose.

16 (b) A person selling consumable hemp products on the
17 effective date of this Act is not required to register a product
18 under Section 443.2026, Health and Safety Code, as added by this
19 Act, before January 1, 2026.

20 SECTION 21. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 3 passed the Senate on March 19, 2025, by the following vote: Yeas 26, Nays 5; and that the Senate concurred in House amendments on May 25, 2025, by the following vote: Yeas 25, Nays 6.

Secretary of the Senate

I hereby certify that S.B. No. 3 passed the House, with amendments, on May 22, 2025, by the following vote: Yeas 87, Nays 54, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor

Exhibit 17

House Public Comments to S.B. 3

(Full document, 322 pages, is available at:

[https://capitol.texas.gov/tlodocs/89R/publiccomments/bill
history/SB00003H.pdf](https://capitol.texas.gov/tlodocs/89R/publiccomments/billhistory/SB00003H.pdf))

**HOUSE OF REPRESENTATIVES
COMPILATION OF PUBLIC COMMENTS**

Submitted to the Committee on State Affairs
For SB 3

Compiled on: Tuesday, April 8, 2025 1:59 AM

Note: Comments received by the committee reflect only the view of the individual(s) submitting the comment, who retain sole responsibility for the content of the comment. Neither the committee nor the Texas House of Representatives takes a position on the views expressed in any comment. The committee compiles the comments received for informational purposes only and does not exercise any editorial control over comments.

Hearing Date: April 7, 2025 8:00 AM

Stephanie Young
Self
Van Alstyne, TX

Let's protect Texas hemp and the freedom to choose natural wellness!

Joseph Duncklee
Myself
Kingwood, TX

Has been great for anxiety

Jade Naaman
Self
Round Rock, TX

Since when are Republicans for BIG government?

Peer-reviewed, scientific studies have shown that THC is neither a gateway drug and THC is SAFER than tobacco and alcohol.

SB-3 as well as HB-28 are misinformed, extremely flawed, and should not see the light of day.

Only things that should happen:

1. Packaging should not be attractive to minors
2. It should be a felony selling to minors
3. Labeling about potential side effects should be required

For the rest of it, we should follow the leads of limited-government States like Wyoming, Georgia and Florida, and stop killing jobs and businesses during a recession.

For more information, also see <https://medium.com/@lifeshortcuts/the-dogmatic-war-on-cannabis-and-federal-law-in-texas-a959fcfb5ba7>

Thank you.

Exhibit 18

House Committee Witnesses to S.B. 3

WITNESS LIST

SB 3

HOUSE COMMITTEE REPORT

State Affairs Committee

April 7, 2025 - 8:00 AM

For :

Adams, Aubree (Self; Citizens for a Safe and Healthy Texas)
Aponte, Francisco Xavier (Self)
Aponte, Ivonne (Self)
Braga, Brunella (Self)
Fuentes, Maria (Self)
Heal, Lisa (Self)
LeBlanc, Jesse (Self; Every Brain Matters)
Richter, Jennifer (Self)
Rodriguez, Idette (Self)
Scruggs, Christine (Self)
Strickland, Chandel (Self)
Woelfel, Maricruz (Self)

Against :

Adams, Patrick (Self)
Akhund, Anik (Self; Ropeace)
Aliani, Jeana (Self; Grateful greens llc & medcanna ventures llc)
Ayala, Javier (Self; Delta 8 Denton)
Bentler, Chris (Devega)
Bird, Brent (Self; Thisthat CBD)
Bishara, Nathan (Self)
Bordas, Mark (Texas Hemp Business Council)
Brennan, Jasmine (Self)
Bridges, Lauren (Self)
Cardona, Angel (Self)
Carpenter, Melanne (Self; Serenity Organics)
Charles, Jacob (Self)
Corrigan, Judy (Self; CenTex CBD, LLC)
Cortez, Isreal (Self; Faevafaded.com)
Dallas, Jessica (Self)
Dellinger, Ashley (Self)
Dombrowski, Brian (Self)
Elmore, John (Self; Green Cross ATX)
Fuller, Mitch (Self; VFW Dept of Texas)
Gilkey, Lukas (Self; Sky Marketing Corp DBA Hometown Hero)
Goldstein, Robin (Self)
Greenblatt, Aleksander (Self; Austin Vape and Smoke)
Gregg, Adam (Self; Find Your Hemp)
Gregg, Jennifer Daigle (Self; Find Your Hemp)
Gresham, Nicholas (Self; DSHS Consumable Hemp Program #983)
Grow, Liz (Self)
Guerrero, Oscar (Motavation Dispensary LLC)
Gutierrez, Shanna (Self)
Harris, Todd (Self; The Happy Cactus)
Hellenberg, Casey (Self)
Hemphill, Sheila (Self; Texas Right To Know)
Hensen, Zaquiri (Self; Austin Vape and Smoke)
Howard, Glenn (Self)
Hubbard, Austin (Self; Green Nation Community)
Ivanov, Rado (Self; TexaKana Organics)
Johnson, Elizabeth (Self)
Jones, Carol (Self)
Jowers, John (Self; Texas VFW)

WITNESS LIST

SB 3

HOUSE COMMITTEE REPORT

State Affairs Committee

Juan, Nicolas (Self)
Juvrud, Tommye (Self; Texas VFW Auxiliary)
Katz, Craig (Self; CBD Kratom)
Kirk, Taylor (Self; 4K Pharm LLC)
Laird, Gregory (Self; Bahama Mama)
Lindeen, Brian (Self)
Lindeen, Piper (Self)
Littell, Joseph (Self; Gilded Extracts)
Luther, Colton (Self; Texas Green Craft, LLC)
Lynch, Christopher (True Hemp Science)
Mabry, Timothy (Self; Lead Through Fire LLC)
Mack, Avery (Self; US Pain Foundation)
Mack, Kelly (Self; US Pain Foundation)
McGaughey, Kristi (Self; RedBird Hemp, Texas Hemp Coalition)
Mckenzie, Jeannette (Self)
Mckittrick, Savannah (Self; Faeva Faded LLC)
Meek, Hayden (Self; Delta 8 Denton)
Meggs, Benjamin (Bayou City Hemp Co.)
Meigs, Elizabeth (Self)
Mellor, Arrieanna (Self)
Miller, Elizabeth (Self; Texans Helped by Cannabis)
Mitchell, Devon (Self; Dama Botanicals)
Mitchell, Joao (ATX Organics)
Moore, Ashton (Self)
Moore, Corrigan (Self; Austin Vape & Smoke)
Moyers, Kimberly (Self)
Newlin, Rees (Self)
Niesen, Jesse (Self; Reggie & Dro LLC)
Pendarvis, Sydney (Self; Delta 8 Denton)
Phifer, Milton (Self; Green Nation of Tyler TX)
Roberts, Morgan (Self; The Grow Room)
Rocha, Harmonee (Self; Pediatric Pain Warriors)
Rocha, Vicky (Self; US Pain Foundation)
Salganik, Kallan (Self; Salganik Services Inc.)
Salvaje (Hostutler), Shaun (Self)
Sampson Potter, Jennifer (Self; US Pain Foundation)
Sergio, Janae (Self; Grunt Style Foundation)
Shaheen, Safwan (Self; Austar wholesale)
Shean, Draven (Self; Compliance Professionals, LLC)
Slade, Stone (Self)
Steel, Andrea (Self; Texas Hemp Business Council)
Steele, Jake (Self; Delta 8 Denton)
Stewart, Elijah (Self; Delta8Denton)
Suriff, Darrell (Self)
Tarvin, Halle (Self)
Thompson, Joel (Self)
Thompson, Joshua (Self)
Tibbits, Ivan (Self; Terpy T Consulting)
Turner, Coltyn (Self)
Vargas, Sergio (Self)
Walden, David (Self; Veterans of Foreign Wars)
Wickham, Madison (Self; Chill Country Cannabis)
Williams, Jesse (Self; Texas Cannabis Collective, DAV Chapter 219)
Wise, Kyle (Self; Gilded Extracts)
Yard, Rhiannon (Self)
Yost, Ethan (Uforiq)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Young, Mignon (Self; Naturally Mignon)

Zamhariri, Austin (Self; Texas Cannabis Collective)

Registering, but not testifying:

For :

Anderson, Michael (Self; WI consulting)

Cadena, Ninfa (Self; Texas silver hair legislature)

Castilla, Cindi (Self; Texas Eagle Forum)

Chabot, Dr Paul (Self; Coalition for a Drug Free Texas)

Covey, Jonathan (Texas Values)

Dart, Alfonso (Self)

Dart, Ellisia (Bahama mama)

Davis, Alexzandra (Bahama mama)

Davis, Doug (Wholesale Beer Distributors of Texas)

Donley, Rick (The Beer Alliance of Texas)

Dye, Noemi (Self)

Dye, Steve (Texas Police Chiefs Association)

Fallon, Nick (Self; Goodblend Texas)

Flatt, Bryan (TMPA)

Flores, Lisa (Self)

Hess, Alexandra (Self)

Holt, Nicole (Self; Texans for Safe and Drug-Free Youth)

Howard, Rhonda (Self)

Hunt, Ray (Self; Houston Police Officers' Union)

Isaac, Charles (Self; TSHL)

Jasani, Arman (Self; Smoke zone)

Johnson, Debbie (Self)

Kershaw, James (Harris County Deputies' Organization FOP #39)

Lasker Arcotta, Beth (Self)

McGee, Lindy (Self; Texas Medical Association and Texas Pediatric Society)

Moradel, Osman (Texas AFT)

Parnell, James (Dallas Police Association)

Patel, Yogendrakumar (Self; City smoke shop)

Primes, Summorlyn (Bahama mama)

Ramon, Rolando (Self)

Richter, Isabelle (Self)

Rios, Veronica (Self)

Rodriguez, Hunter (Self)

Rubin, Scott (Texas Police Chiefs Association)

Salatich, Peter (Anheuser-Busch)

Shannon, Melissa (Bexar County Commissioners Court)

Sibole, Allen (Self)

Sibole, Sharon (Self)

Spilman, Tom (Wholesale Beer Distributors of Texas)

Stallman, Bo (Self; Sheriffs' Association of Texas (SAT))

Szimanski, Jennifer (Combined Law Enforcement Associations of Texas (CLEAT))

Urrabazo, JP (The Beer Alliance of Texas)

Vickery, Bobbie (Self; Sheriffs Association of Texas)

Wilson, Christal (Self; Citizen's For A Safe And Healthy TEXAS)

Yousaf, Ammar (Self; Aa jasani llc)

Against :

Abedin, Ziaul (Self)

Abhavani, Ashmal (Self; BAHAMA MAMA)

Abraham, Anish (Tazofarms)

Accharya, Satyen (Rave distro)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Adair, Zachery (The Hemp Man of Texas, LLC)
Adams, Brian (Self; CBD American Shaman)
Afik, Meihai (Self)
Aguilar, Alejandro (Self; Elevated CBD + Smoke)
Ahmad, Asma (Bahama mama)
Ahmad, Saqib (Self; Bahama mama)
Ahmed, Azlm (Self)
Ahmed, Ekra (Bahama Mama)
Ahmed, Madiha (Self)
Akin, Summer (Self)
Alagueuzian, Ellio (Self)
Alexander, Dorothy (Hidden hills club llc)
Alhindi, Bilal (Self)
Alhindi, Ibrahim (Self)
Ali, Absar (Self)
Ali, Akbar (Self)
Ali, Aliizban (Self; Bahama Mama)
Ali, Asad (Self)
Ali, Asim (Self; Bahama mama)
Ali, Hifza (Self; Bahama mama)
Ali, Majid (Self)
Ali, Waqar (Self)
Altaf, Anees (Self)
Alvarez, Brandi (Self; Austinite Cannabis Co)
Amriel, Michelle (Self)
Anderson, Jeremy (Self)
Arambula, Francisco (Tcf Marketing)
Ashuq, Ashka (Self)
Aslam, Ali shan (Bahama mama)
Atwood, Derrek (Self)
Aziz, M arif (Bahama mama)
Baker, Carole (Self; American shaman)
Barker, Shane (Hometown Hero)
Barron, Robbie (Self; Sublime smoke & vape)
Beakley, John Michael (Self)
Beegles, Steven (Self)
Begum, Taslima (Bahama Mama)
Benavides, Allison (Self)
Benavides, Robert (Self)
Bennett, Paris (Self)
Berenjinataj, Shela (Self)
Berner, Kenneth (Self)
Bethards, Steven (Self; CC Pipes LLC)
Bhargava, Lakshya (Self)
Bhatia, Bela (Tazo Farms)
Bhikha, Rajiv (Self)
Bland, Ty (Self)
Bolufe, Margarita (Self)
Bruner, Joshua (Self; Rock N Roll It)
Buitron, Federico (Self)
Bunch, Amanda (Self)
Burk, John (Self; Shell shock cbd)
Cabello, Alejandro (Self)
Cahn, Adam (Self)
Cain, Billy (Self)
Cain, Jacqueline (Self)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Camargo, Gustavo (Self)
Campbell, Lionell (Self; Alpha brands)
Campos, Gloria (Self)
Cantu, Cassidy (Self)
Cantu, Clarissa (Self)
Cantu Rodriguez, Alejandro (Self; Atx organics)
Cappelli, Colby (Hombre Verde LLC)
Cardenas, Nelly (Self)
Carlisle, Pamela (Self)
Carrascal, Isabella (Self)
Carrera, Diana (Self)
Carrera, JC (Self; Chillax CBD)
Carroll, Ross (Self; Compliance professionals llc)
Cassidy, Danny (Self; Cbd american shaman)
Castillon, Richard (Self)
Castro, Estella (Self; Austinite Cannabis Co)
Champion, Matthew (Self)
Chand, Sreemayee (Uproar Wellness)
Chaudry, Muhammad Asim (Self; Bahama Mama)
Chavez, Daniel (Self; Danny boys hemp co)
Chouteau, Curtis (Self)
Chowdhury, Adrian (Self; BahamanMama)
Chowdhury, Maria (Self; Bahama mama)
Chowdhury, Maria (Bahama mama)
Chowdhury, Mohammed (Self; Bahama Mama)
Chowdhury, Towheed (Bahamamama)
Christenson, Jordyn (Self; Rock Nkk Roll It)
Christenson, Jordyn (Self)
Cisneros, Xiomara (Self)
Colon, Brittany (Self)
Contreras, Christian (Self)
Cormier, Leah (Self)
Cortez, Joshua (Self)
Craig, Phyllis (Self)
Craig, Terry (Self)
Daigle, Deseray (Self)
Dangerfield, Charlsa (Self; CBD American Shaman)
Darst, James (Self)
Dart, Ellisia (Self; Bahama Mama)
Daudi, Bilawal (Self)
Daudi, Jamil (Self)
Davis, Alexzandra (Self)
De Hoyos, Alexys (Self)
De Jesus, Jay (BAHAMA MAMA)
Dees, Reginald (Self; Cloud ponics)
DeLaRosa, Tanya (Self; Austinite Cannabis Co)
Dever, Annette (Self)
Dever, Dylan (Self)
Dhaya, Ramya (Bahama mama)
Diaz, Christopher (TCF Marketing)
Diaz, Hazell (Self)
Diaz, Joseph (Self; Acacia Botanicals LLC)
Diaz, Peter (Acacia Botanicals LLC)
Dimatteo, Steven (Self)
Dortona, Nicole (Self; Texas hemp business council)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Duarte, Gilbert (Pakalolo plug)
Dulin, William (Self)
Dumes, Tara (Self; CBD American Shaman)
Eberlein, Diana (Coalition for Adult Beverage Alternatives)
Edgerton, Zach (Self)
Ehlers, Cassidy (Self)
Elizabeth, Mary (Austin justice coalition)
Elizabeth, Mary (Self; Austin justice coalition)
Ellis, Sara (Self; Glass Phoenix)
Elza-Scudder, Madelaine (Self)
Erives jr, Adolfo (Self; Hempyre LLC)
Essler, Blake (Self; Vogtman Art LLC)
Essler, Blake (Self; Vogtman Art LLC)
Faria Lao, Stephanie (Self)
Fast, Adam (Self)
Ferguson, Logan (Self)
Ferrand, Erik (Self)
Fields, Maisie (Self; Inner-I)
Figi, Paige (Self)
Fish, Chris (Self)
Flinchum, Staci (Self)
Flores, Oliver (Self)
Fokas, Stephanie (Self)
Frangioso, Eduardo (Self)
Frazier, Katy (Self)
G, Karima (Self)
Gandy, Frank (Self; Bahama Mama Franchise Owner)
Ganesan, Aditya (Self; Business man)
Gangone, Jayson (Ropeace cbd wellness)
Garay-Terrell, Diana (Self; CBD American Shaman)
Garcia, Juan (Self)
Garcia, Louis (Self)
Garcia, Luis (Self)
Garcia, Robert (Self)
Gardner, Brad (Self)
Garza, Jennifer (Self; CBD American Shaman of Lubbock)
Garza, Paul (Self)
Garza, Santos (Self; CBD AMERICAN SHAMAN OF LUBBOCK)
Gauger, Keil (Self; Caprock family farms)
Gauger, Zachary (Self; Caprock Family Farms)
Gentile, Miranda (Self)
Geren, Kirstie (Self; Ropeace)
Ghani, Quayle (Bahama Mama)
Goble, Charles (Self; Glass Phoenix)
Goff, Cristy (Self; The haze connect)
Goldshstein, Yelena (The Glass House TX)
Green, Heberto (Self)
Greer, James (Self)
Greer, Katy (Self)
Guri, Fisnik (Self; Ropeace)
Gurka III, Stephen (Self)
Guzman, John (Self)
Hafizur, Rahman (Bahama mama)
Hajiyani, Mike (Self)
Hale, Kevin (Self; The Libertarian Party of TEXAS)
Haleem, Punno (Self)

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State Affairs Committee

Haleem, Shah (Bhama Mama)
Hammitt, Johnny (Self)
Hamza, Muhammad (Bahama Mama)
Hamzah, Syed (Self; Ropeace)
Haque, Ashraful (Self; Bahama mama)
Harber, Katherine (Self; Rooeace)
Harris, Amber (Self; The Happy Cactus)
Harris, Mickey (Self; The Happy Cactus)
Harrison, Janice (Self; American shaman)
Hasan, Smr (Bahama mama)
Hassan, Mohammed R (Self)
Hastings, Alex (Self; The Haze Connect)
Heckerson, Deverell (Self; Natural Ways and More)
Hellenberg, Casey (Self)
Hernandez, Zachary (Self)
Hernandez Smith, Milinda (Self)
Hicks, Nathan (Self)
Higdon, James (Self; Cornbread Hemp)
Hight, H. Elizabeth (Self)
Hill, Micheal (Self)
Hinderliter, Burkhardt (Self)
Hinojosa, Sue (Self; Faeva Faded llc)
Holloway, Chelsey (Self)
Holmes, Courtney (Self)
Hopkins, Christa (Self)
Hossain, Akm mosharraf (Self)
Hossain, Mohammed (Self; Bahama mama)
Hossain, Nafiz (Self)
Hoy, Holden (Self)
Huddleston, Sondra (Self)
Huerta, Javier (Self)
Hunt, Haley (Self; Texas Hemp Coalition)
Hur, Andrew (Self; NADPR LLC and American Shaman of Keller)
Hussain, Ally (Self)
Hylander, Holden (Self)
Islam, Mohammad (Self; Bdesch Retail LLC)
Islas, Daniela (Self)
Jackey, Karen (Self)
Jackson, Deborah (Self)
Jackson, Ellis (Self; American Shaman Fort Worth)
Jafar, Mohammad (Self)
Jafri, Aisha (Self; Bahama mama)
Jafri, Sahar (Bahama Mama)
Javed, Ahsan (Self; Salt rock pflugerville)
Jensen, Jonathan (Self)
Jezisek, Aaron (Self)
Jones, Scott (Self)
Jones, Terence (Self)
K, Saif (Self)
Kaini, Nabin (Self; Legal green usa)
Karray, Mohamed (Self)
Keeney, Sheretta (Self)
Kerver, Sarah (Self; 1937 apothecary llc)
Keshwani, Sahil (Self)
Khan, Atqiya (Ropeace CBD Wellness)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Khan, Muneeb (Self)
Khan, Sami (Self; Owner of smoke shop)
Khan, Saqib (Self; Bahama Mama)
Khan, Shahrose (Self)
Khan, Waleed (Self)
Khawaja, Ali (Self)
Khowaja, Ali (Rolling & co. (Bahama mama))
Knight, Blake (Self; Drink Brez llc)
Kretzschmar, Simeon (Self)
Kristiansson, David (Self)
Lachappelle, Robert (Self)
Lalani, Bilal (Self)
Lambert, Yaimarys (Self)
Larry, Cheyenne (Bahama Mama)
Latil, Tara (Self; American Shaman)
Lauderbaugh, David (Self)
Lauener, Autumn (Self)
Le meur, Olivia (Self)
Leeper, Carolyn (Self)
Leeper, Carolyn (Self)
Lewis, Steven (Self; Sublime Smoke & Vape)
Lindeen, Zachary (Self)
Lively, Lance (Texas Package Stores Association)
Lopez, Christina (Self)
Lopez, Esequiel (Self)
Lopez, Mayra (Self; Homiez Smoke Shop)
M, Alec (Self)
Mackinnon, Heather (Self)
Macleod, Michael (Self; The Haze Connect)
Majid, Mohammed (Supreme vape retail shops)
Makani, Faiz (Self)
Malik, Bashaar (Self)
Manjarrez, Jesus (Self)
Manohar, Steven (Self; Arlington American Shaman LLC)
Manpuri, Kaashif (Self)
Martinez, Francisco (Self; Bahama Mama)
Martinez, Joshua (Self; Grass Monkey llc)
Martinez, Ross (Vj farms co llc)
Martinez, Ryan (Self; Cbd american shaman)
Martinez, Sandra (Self; Cbd american shaman)
Masud, Mohammad (Self)
Mavrikos, Mark (Self)
Mccalister, Twana (CBD AMERICAN SHAMAN PEARLAND)
McCord, Holly (Self)
McCown, Christopher (Self; The Hemp Corner)
McLaughlin, Michelle (Self)
Mejia, Carlos (Self)
Menard, Breanna (Self)
Mendes, Corey (Self)
Mendoza, Gerson (TCF Manufacturing)
Mendoza, Madison (Self; Rock n roll it)
Merchant, Azhar (Self)
Midboe, Zachary (Self; Hiddem Hills Club LLC)
Minellu, Alessandro (Self)
Mitchell, Kathy (Self; Equity Action)
Mithani, Qamruddin (Self)

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State Affairs Committee

Mobley, David (Self)
Momin, Ruhinz (Self)
Money, Carlie (Self)
Monti, Thomas (Self)
Moore, Lauren (Self; Natura Life + Science)
Morales Velasquez, Vanessa (Self)
Moreno, Hector (BAHAMA MAMA)
Morshed, Rida (Self)
Mortillaro, Nick (Self; ViceVending, BotanicBliss)
Moseley, Sarah (Self)
Mugheri, Erum (Self)
Mugheri, Mir Ghulam Nabi (Self)
Mukhi, Aryn (Self)
Mukpo, David (Self)
Munoz, Alex (Self)
Munoz, Jocelyn (Texas Hemp Council)
Murray, John (Self)
Murray, Sheryl (Self)
Nani, Mitz (Self)
Nath, Vikram (Uproar Wellness)
Neal, Ricky (Black Lotus llc)
Nieto, Amado (Self)
Nike, Sam (Self; Bahama mama)
Nill, Mike (Self; Bahama mama)
Nisar, Saif (Self; Bahama Mama)
Nolan, Ilissa (Texas Hemp Coalition)
Noriega, Alexander (Natural Buds)
Nunez, Loretta (Self; Headrush smoke shop llc)
Nunez, Michael (Self; Headrush smoke shop llc)
O'Neil, Clifford (Self)
Ohana, Eran (Self; Green herbal care)
Ojeda, Nicholas (Self)
Oliden, Christopher (Self)
Oneal, Rebecca (Self)
O'Neill, Daulton (Self)
Oquin, Reed (Hometown hero)
Oquin, Robert (Self)
Oquin, Ryan (Self)
Ornelas, Alexia (Self)
Orr, Lydia (Self)
Owens, Aaron (Self; Tejas Hemp LLC and Tejas Tonic LLC)
Padani, Aqeel (Self)
Padani, Hafeez (Self)
Padilla, Jeremy (Self)
Padilla, Jeremy (Self)
Panjwani, Asim (Bahama Mama)
Parkinson, Thomas (Self)
Patel, Hiten (Self; CBD American Shaman)
Patel, Nadirali (Self)
Patel, Vaishali (Self; CBD AMERICAN SHAMAN)
Patino, Alexandra (Self)
Pattersom, Tim (Self)
Paz, Stephanie (Self)
Peña Sandoval, Maribel (Self)
Perez, Jose (Self)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Perez, Kelly (Self)
Perez, Oriana (Self)
Persinger, Ryan (Chronic roots distribution)
Phillips, Colleen (Self)
Phillips, Colleen (Self)
Pineda, Dante (Bahama mama)
Pittman, Lisa (Self)
Ponce, Oliver (Self; Herban inc)
Pope, Patrick (Self)
Prasla, Asad (Self)
Primes, Summorlyn (Bahama Mama)
Prudencio, Edward (Bahama mama)
Qureshi, Mohammad usman (Self)
Rahman, Ashikur (Bahama Mama)
Rahman, Sahanaz (Self)
Rahman, Shifat (Bahama mama)
Raj, Vaibhav (Bahama mama)
Ramirez, David (CW)
Ramirez, David (CW)
Ramirez, Kristina (Self)
Ramos, Demi (Self; Willies cbd shop)
Ramos, Marissa (Self)
Ramos, Ray (Willie's CBD Shop)
Rangel, Diego (Self)
Ransom, Brian (Self; Alpha Brands)
Raymond, Lance (Self; Loki seltzers)
Rebollar, Jocelyn (Bahama mama)
Reeves, Karen (Self; CenTex Community Outreach)
Reimann, Kirk (Self)
Repp, Jeremiah (Self)
REYES, SARAH (Self; Texas Center for Justice & Equity)
Riquelmy, Michael (Self; Ropeace)
Ritchie, Josh (Self)
Robertson, Rashad (Self; Green Haus)
Robinson, Mareta (Self)
Rodriguez, Bri (Self)
Rodriguez, Gabriel (Self)
Rohus, Sarah (Self)
Romero, Fernando (Self; Rock N Roll It)
Rudy, Joan claire (Self)
Russell, Jessica (Self)
S, Andre (Self)
Sagar, Bharvi (Self)
Sallis Daniels, Andrea (Self; Texas Hemp Business Council)
Sami, Sadat (Self)
Sanchez, Danielle (Self; Glass Phoenix)
Sanchez, Luisa (Self)
Sanchez, Yaima (Self)
Sandoval, Jaime (Self)
Sandoval, Mariano (Self)
Satti, Hammad (Self; Work at a smoke sho)
Sazzad, Salauddin (Bahama mama)
Schiro, Hunter (Self)
Schmidt, Nolan (Self)
Schmidt, Nolan (Self)
Schoppe, Jake (Self)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Schubnell, Nicole (Self; The haze connect)
Schuerman, Jonathon (Self)
Schusler, Austin (Rock N Roll It Smoke)
Schusler, Austin (Self)
Scogins, Bryan (Endas Unbaked)
Seawright, Cameron (Self)
Sergi, David (Self)
Servin, Oscar (Self)
Shaffer, Stephen (Self)
Shah, Dhaval (Self)
Shah, Zahid (Self)
Sharif, Wahidur (Self)
Sherman, Jeromy (Bayou city hemp company)
Shirazi, Cassra (Loudpuff)
Shrestha, Rohit (Self; Leegal green usa)
Siddiq, Asif (Self)
Siddiqui, Muhammad (Self)
Sikes, Cameron (Hombre Verde LLC)
Simeon, Kretzschmar (Self)
Simpson, Loren (Self; Texas Cannabis Collective)
Singleton, Rebecca (Self)
Singleton, Rebecca (Self)
Smith, Joe (Gruene Botanicals)
Smith, Zack (Self)
Snow, Philip (Mc nutraceuticals)
Sobhan, Abdus (Self)
Sobhan, Sakb (Bahama mama 708 w main street tomball tc 77375)
Solis, Luis (Self)
Solorzano, Mia (Self)
Sommer, Tyrus (Self; Bahama mama)
Sowell, Jerry (Self)
Spaniol, Jonathan (Bahama Mama)
Starett, Clint (Self)
Stark, Leslie (Self)
Staubs, Aaron (Self; Vogtman Art llc)
Sterling, Michael (Self; Capital American Shaman)
Sterling, Sara (Self; CBD American Shaman)
Stinnett, Candice (Self; Texas Hemp Coalition)
Story, Alisa (Self; Natural Ways and More (CBD))
Stucki, Derek (Self)
Stupinsky, Danylo (Self)
Sullivan, Christina (Self)
Tamimi, Shafin (Self)
Taylor, Mike (Self; Bahama mama franchise)
Tello, Hector (Self; Green Haus Wellness)
Tello, Madeline (Self; Green Haus Wellness)
Tello, Mary (Self; Green haus wellness)
Temple, Luke (Self; Texas hemp coalition)
Thompson, Natasha (CBD AMERICAN SHAMAN)
Tijerina, Brandon (Self)
Toledo, Jose (Self; Business man)
Torres, Andrea (Self)
Torres, Jazmin (Self; Zenblendz Entetprise Llc.)
Turbin, Daniel (Self)
Turner, Jayne (Self)

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HOUSE COMMITTEE REPORT

State Affairs Committee

Tweedle, Desmond (Self)
Ukani, Ray (Self)
Urrutia, Anabel (Self)
Valdez, Johnathan (Tcf manufacturing)
Vanlandingham, Scott (Devega)
Vargas, Victor (Lazydaze)
Vasquez, Kailey (Coastal buds dispensary)
Velez, Eduardo (Self; Texas Hemp Coalition)
Vilchis, Ilze (Self)
Villazana, Alexia (Self)
Virgilio, Camerin (Self)
Virgilio, Camerin (Self; Rock n roll it)
Virgilio, Camerin (Rock n roll it)
Waheed, Humaira (Self; Bahama mama)
Wahid, Abdul (Self; Bahama mama)
Wallach, Mark (Self)
Walsh, Dan (Self; BREZ)
Wang, Luke (Self; Highres labs)
Warms, Veronikah (Self; Texas Civil Rights Project)
Wedgeworth, Chasity (Self)
Wells, Rachel (Self)
Wengender, Cole (Self; Black Lotus CBD)
West, Chad (City of Dallas)
Wheeler, Julia (Self; Texas green craft)
Wheeler, Sienna (Self)
Whiteley, Nishi (Self)
Whitley, Steven (Self)
Wilkins, Marquette (Self)
Williams, Amira (Self)
Williams, Justin (Self)
Williams, Preston (Self; Bahama Mama)
Wilson, Jackie (Self)
Winitzky, Melisa (Self)
Yanez, Sean (Self; Rock N roll it)
Young, Haven (Self)
Yousif, Ahmed (Supreme vape retail shops)
Yuen, Ryley (The Glass House tx)
Yuen, Sean (The Glass House TX)
Zia, Aaqib (Self; Rolling and Co.)

On :

Afeef, Fahad (Self)
Ferguson, Trevon (Self)
Harloe, John (Self; Village farms)
Hays, Susan (Self; Village Farms)
Rudd, Tyler (Wine Institute)
Stevenson, Timothy (Department of State Health Services)
Willis, Triniti (Self)

Exhibit 19

Senate Committee Witnesses to S.B. 3

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SB 3

Senate Committee Report
State Affairs

March 3, 2025 - 9:00 AM

FOR:

Arsenault, Justin Sergeant (Allen PD), Allen, TX
Bass, David Major, US Army Retired (Self) , Killeen, TX
Castilla, Cindi (Self; Texas Eagle Forum), Dallas, TX
Cura, Omar Hemp Lawyer (also providing written testimony) (Self) , San Antonio, TX
Dimas, Simon Mr. (Self; The Glassmith), Elgin, TX
Dye, Steve Chief (also providing written testimony) (Allen PD), Allen, TX
Gill, Brijesh Doctor (also providing written testimony) (Self) , Houston, TX
Hawthorne, Brian Sheriff (Self; Sheriffs Association of Texas), Mont Belvieu, TX
Heal, Lisa Ms. (also providing written testimony) (Self) , Cypress, TX
Holt, Nicole CEO (also providing written testimony) (Self; Texans for Safe and Drug-Free Youth), Austin, TX
Howard, Rhonda (Self) , Houston,, TX
McGee, Dr. Lindy Pediatrician (also providing written testimony) (Self; Tezas Medical Association & Texas Pediatric Society), Austin, TX
Rodriguez, Idette (also providing written testimony) (Self) , Katy, TX
Rosales, Areli (also providing written testimony) (Self; Texans for Safe and Drug-Free Youth), El Paso, TX
Scruggs, Christine (also providing written testimony) (Self) , Pearland, TX
Spears, Darby (also providing written testimony) (Self) , Tyler, TX
Valle, Andres (Self; Texans for Safe and Drug-Free Youth), El Paso, TX
Woelfel, Maricruz (also providing written testimony) (Self) , Magnolia, TX

AGAINST:

Ahmed, Ekra (Bahama Mama), Houston, TX
Ali, Absar (Self; Bahama Mama), Richmond, TX
Aliani, Jeana (also providing written testimony) (Self; Morning Dew Farms), Cedar park, TX
Amriel, Michelle (Self) , Austin, TX
Bangs, Christopher Business owner (Self) , Spring, TX
Bangs, Corey Business owner (Self) , Spring, TX
Bazaldua, Adam Deputy Mayor Pro Tem (City of Dallas), Dallas, TX
Bearden, Landon Business Owner (Self) , Houston, TX
Bentler, Christopher (Self) , Austin, TX
Bordas, Mark Lobbyist (also providing written testimony) (Texas Hemp Business Council), Austin, TX
Brandt, Gary (Self; Sunmed:your cbd store), Lakeway TX, TX
Bridges, Lauren (also providing written testimony) (Self) , Longview, TX
Burk, John Business owner (Self) , Richardson tx, TX
Canales, Blanca Ms. (Self) , Manor, TX
Case, Liz (Self) , Tuscola, TX
Charles, Jacob (also providing written testimony) (Self) , Buda, TX
Chowdhury, Irene (Self; Bahama mama), Houston, TX
Corrigan, Judy Founder CenTex CBD (also providing written testimony) (Self; CenTex CBD LLC), Temple, TX
Cross, Elizabeth (Self) , Austin, TX
Culp, John (Self) , Round rock, TX
DiMatteo, Steven (Self) , Carona, CA
Dombrowski, Brian (Self) , Leander, TX
Elmore, John (Self) , Wimberley, TX
Evans, Brianna (Self; Zar Wellness), San Antonio, TX
Garry, Jake Ceo/founder (Self; Texas hemp coalition), Cc texas, TX
Gilkey, Lukas (also providing written testimony) (Self; Sky Marketing Corp), Austin, TX
Goldstein, Robin Director, Cannabis Economics Group (Self) , Davis, CA

WITNESS LIST

SB 3

Senate Committee Report
State Affairs

Green, Heberto Earl Clinical trails with cannabinoids (also providing written testimony) (Self) , Austin, TX
Green, Mariano THC cerebral palsy (Self) , Austin, TX
Gresham, Nicholas (Self) , Elkhart, TX
Gross, Tammy CBD Franchise owner (Self) , Montgomery, TX
Grow, Elizabeth (Self) , New braunfels, TX
Guerrero, Oscar (Self; Motavation Dispensary LLC), Mcallen, TX
Hale, Kevin Legislativative coordinator (Self; The Libertarian Party of Texas), Dallas, TX
Hellenberg, Casey (Self) , Liberty Hill, TX
Hemphill, Sheila (also providing written testimony) (Self; Texas Right To Know Texas Hemp Industries assoc), Brady, TX
Hill, Jerron MD Anesthesiologist (also providing written testimony) (Self) , Frisco, TX
Hoppe, Dylan Mr. (also providing written testimony) (Self; ZAR Wellness), San Antonio/Texas, TX
Hunt, Haley Owner (Self; Texas Hemp Coalition), Austin, TX
Jafri, Aisha (Bahama Mama), Katy, TX
Johnson, Elizabeth (Self) , Austin, TX
Jowers, John (Self; VFW), Cedar Park, TX
Juvrud, Tommye (Self; Texas VFW Auxiliary), Cedar Park, TX
Khan, Shahrose Business owner (Self) , Conroe, TX
Krause, Marco (Self) , Austin, TX
Krause, Mark (Self) , Austin, TX
Larew, Wyatt Mr. (Self; WYATT PURP), Flower mound, TX
Larios, Daniel (also providing written testimony) (Self) , Helotes, TX
Latil, Tara (also providing written testimony) (Self; CBD American Shaman), Orange, TX
Lindeen, Piper (Self) , Sugar Land, TX
Luther, Colton (Self; Texas Green Craft), Texas, TX
Lynch, Christopher (also providing written testimony) (Self) , Austin, TX
Maguire, Jay ED (also providing written testimony) (Self; Texas Hemp Federation), San Marcos, TX
Manjarrez, Jesus (Self; Bahama Mama), Magnolia, TX
McCown, Byron (Self) , EASTLAND, TX
Mckenzie, Jeannette (Self; Texas cannabis collective), Dallas, TX
Meigs, Elizabeth (Self) , Waco, TX
Menard, Breanna Ms. (also providing written testimony) (Self) , Houston, TX
Miller, Elizabeth (Self) , Bedford, TX
Mitchell, Devon (also providing written testimony) (Self) , Austin, TX
Mitchell, Joao (also providing written testimony) (Self) , Austin, TX
Montoya, Esequiel Lopez Business owner (Self) , Channelview, TX
Mortillaro, Nicholas (Self) , Houston, TX
Mungioli, Adriano (Self) , Dallas, TX
Naser, Navid (Self; Bahama mama), Houston, TX
Owens, Aaron (Self) , Dripping Springs, TX
Peebles, Shelley (Self) , Austin, TX
Pineda, Dante Bahama mama owner (Self; Bahama mama), Houston, TX
Prasla, Asad (Self; Bahama Mama), Sugar Land, TX
Rahman, Ashikur (Bahama Mama), Houston, TX
Repp, Jeremiah (Self) , Houston, TX
Reyes, Sarah (Self; Texas center for justice & equity), San antonio, TX
Rhymes, Chase (Self; Bahama Mama), Houston, TX
Roberts, Morgan (also providing written testimony) (Self) , Houston, TX
Sallis Daniels, Andrea (also providing written testimony) (Self; Texas Hemp Business Council), Addison, TX
Salvaje (Hostutler), Shaun (Self) , Manor, TX
Sanchez, Erika (Self) , New Braunfels, TX

WITNESS LIST

SB 3

Senate Committee Report
State Affairs

Sergi, David (Self) , San Marcos, TX
Shean, Draven (Compliance Professionals, LLC), Austin, TX
Sobhan, Sakib (Self; Bahama mama), Houston, TX
Sommer, Tyrus (Self) , Houston/ tx, TX
Steel, Andrea (Texas Hemp Business Council), Houston, TX
Stinnett, Candice (also providing written testimony) (Self; Texas Hemp Coalition), Fort worth, TX
Stubbs, Scott Partner/Hemp Advocate (Self) , Kemah, TX
Tamimi, Shafin Retail owner (Self) , Spring tx, TX
Temple, Luke (Self; Texas hemp coalition), Pollok, TX
Thompson, Joshua Owner retail (Self) , Liberty hill, TX
Tibbits, Ivan (Self) , Austin, TX
Tijerina, Brandon Owner (Self) , Buda, TX
Trimm, Ingrid (also providing written testimony) (Self) , Keller, TX
Ukani, Ray (Self) , Houstom, TX
Vanlandingham, Scott (Self) , Leander, TX
Velez, Eddie (Self; Texas Hemp Coalition), Dallas, TX
Walden, David (Self; VFW), Lago vista, TX
Warms, Veronikah (also providing written testimony) (Self; Texas Civil Rights Project), Austin, TX
Weatheread, Skye (Self; ZAR Wellness), Lewisville, TX
Wickham, Madison (also providing written testimony) (Self; Chill Country), The Hills, TX
Williams, Jesse (Self; DAV CHAPTER 219 Sgt James W Allen), Austin, TX
Yard, Rhiannon (also providing written testimony) (Self) , Waco, TX
Zamhariri, Austin (Self; Texas Cannabis Collective), Fort Worth, TX

ON:

Marks, Robert Dr. (Self; TCUP Doctors on the Working Group), Austin, TX
Melson, Mark Major (Texas DPS), Austin TX, TX
Mills, Brady Chief crime laboratory (Texas DPS), Austin, TX
Rossheim, Matthew Dr (also providing written testimony) (Self; Texans for Safe and Drug-free Youth), Fort Worth, TX
Stevenson, Timothy Associate Commissioner (Dept of State Health Services), Austin, TX

Registering, but not testifying:

FOR:

Benton, Megan Strategic Policy Associate (Self; Texas Values), Austin, TX
Carroll, Nathan Lieutenant (Houston Police Department), Houston, TX
Castle, Mary Elizabeth Director of Gov Relations (TexasValues), Austin, TX
Cheshire, Cary (Self) , Benbrook, TX
Davis, Doug Vice President (Wholesale Beer Distributors of Texas), Austin, TX
Donley, Rick President (Self; Thme Beer Alliance of Texas), Austin, TX
Hunt, Ray Executive Director (Self; HOOU), Houston, TX
Hunt, Robert (Molson Coors Beverage Company), Plano, TX
Nuttle, Sara (Self) , Austin, TX
Quinzi, Patty Dir. of Public Aff., TX American Fed. Of Teachers (TX- American Federation of Teachers), Austin, TX
Ransdell, James (Self) , Seguin, TX
Rose, Denise (BlissfulCannaCo), Austin, TX
Rubin, Scott Assistant Directoe (Self; Texas Police Chiefs Association), Elgin, TX
Salatich, Peter (Anheuser-Busch), Austin, TX
Sandoval, Andre (Self; Thcprecheck), Austin/Texas, TX
Spilman, Tom President (Wholesale Beer Distributors of Texas), Austin, TX
Szimanski, Jennifer Deputy Executive Director (Combined Law Enforcement Associations of Texas (CLEAT)), Austin, TX
Urrabazo, JP (The Beer Alliance of Texas), Austin, TX
Wilkerson, John (Texas Municipal Police Association (TMPA)), Austin, TX

WITNESS LIST

SB 3

Senate Committee Report
State Affairs

AGAINST:

Aliani, Karim (Self) , Cedar park, TX
Aliani, Tijani (Self; Happy Hemp Co), Cedar park, TX
Aslan, Elif (Self) , Austin, TX
Bethards, Chloe (Self) , Corpus christi, TX
Bethards, Steven (Self) , Tx, TX
Bhikha, Rajiv (Self) , Spring, TX
Brooks, Ryan (Shaun Salvaje (The Puebla Group) to Represent Ryan Brooks of American Hemp Co), Manor, TX
Burton, Claire (Self; Equality Texas), Austin, TX
Cisneros, Xiomara Consumer (Self) , Spring tx, TX
Clark, Jonathan (Self; Ocho Select), Fort worth, TX
Claudio, Shan CEO/Owner (Self; Dallas Hemp Company), Garland, TX
Dolcefino, Wayne (Self; Dolcefino Media), Houston, TX, TX
Duderstadt, Demishan (Self) , Manvel, TX
Dumbeck, Justin (Self) , Austin, TX, TX
G, Karima (Self) , Alvin, TX
Gutierrez, Shanna (Self) , Wimberley, TX
Heddins, Reagan (Self) , Dallas, TX
Hinkle, Jacob (Self; Cannabis And Lampworking Culture of Texas), Luling, TX
Holzheuser, Craig (Us Hemp Roundtable), Austin, TX
Keeton, Richard (Self) , Fayetteville, TX
Knight, Blake (Self; Drinkbrez llc), Austin, TX
Kowaleski, Jacob (Self) , Timnath, CO
Lachappelle, Robert (Self) , San Antonio, TX
Lane, Preston (Self) , Alvarado, TX
Latham, Jessica (Shaun Salvaje, The Puebla Group to represent Jessica Latham, American Hemp Co.), Manor, TX
Latham, Sean (Self; Nancys Nursery llc), San Antonio, TX
Lively, Lance (Texas Package Stores Association), Austin, TX
Lopez, Kelsey (Self) , Corpus christi, TX
Macleod, Michael (Self; The Haze Connect), Austin, TX
Mccandless, Tryston (Self; House of Wellness), Snyder, TX
Mercado, Axxel (Self; Canna Comal), San Marcos, TX
Mirto, Sophia (Self) , Austin, TX
Mitchell, Kathy (Self) , Austin, TX
Moore, Matthew (Self) , Austin, TX
Neita, Adriana (Self) , Manvel, TX
Niesen, Jesse Licensed Hemp Retailer (Self; Reggie & Dro Members; Over 10,000 Texan Adults whonare Age 21+ ID Verified Members of TX DSHS CHP Manufacturing License #690, who are also AGAINST SB3.), San Antonio, TX
Nolan, Ilissa (Self; Texas hemp coalition), Dallas, TX
Oldham, Tyler (Self) , Austin, TX
O'Neill, Daulton 9th Gen Texan (Self) , Plano, TX
Parkinson, Thomas (Self) , San Antonio, TX
Pope, Patrick (Self) , New braunfels, TX
Quiroz, Elijah (Self) , Luling, TX
Rea, Winifred (Self) , Austin, TX
Robinson, Andrea Guest (Self) , Grand prairie, TX
Rudy, Joan claire Advocate (Self) , New braunfels, TX
Shaffer, Stephen (Self) , Austin, TX
Shah, Dhaval (Self) , Houston TX, TX
Shah, Zahid Bussiness owner (Self) , Houston, TX
Sherrel, Joshua (Self) , Richardson tx, TX
Smith, Danorris Owner (House of Wellness Dispo), Snyder, TX

WITNESS LIST

SB 3

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State Affairs

Snow, Philip General counsel (Self) , Flower mound, TX
Stross, Cody (Self) , Austin, TX
Suriff, Darrell Ludicrous DIstribution CEO (Self) , Pflugerville, TX
Taylor, Mary General Manager (Self; J Heart CBD), Austin, TX
Todd, Sarah (Self) , Austin, TX
Valente, Alexandra (Self) , Austin, TX
Van Gilder, Janet Witness (Self) , Montgomery, TX
Wilson, Maria (Self) , Bartlett, TX
Wise, Kyle (Self) , Lumberton, TX

ON:

McFarlane, Ella (Self) , Austin, TX

Providing written testimony:

FOR:

Singletary, Jervonne (Goodblend), Austin, TX

AGAINST:

Alnajjar, Ahmad Owner (Self) , Austin, TX
Dever, Annette (Self) , SanMarcos, TX
Erfani, Alexander (Self) , Dallas, TX
Fazio, Heather (Self; Texas Cannabis Policy Center), Austin, TX
Fraizer, Katy Plant Lady ATX (Self) , Lakeway, TX
Gregg, Aaron (Bayou City Hemp Co), Austin, TX
Lewis, Christoher Director distribution (Mood), Vancouver, wa, TX
Valente, Ofelia (Self) , Austin, TX
Wilson, Robert (Self; Tbx tx llc), Bartlett, TX

ON:

Stout, Peter President (Self; Texas Assciation of Crime Lab Directors), Houston, TX

Exhibit 20

Proclamation Vetoing S.B. 3
(Gov. Abbott)

PROCLAMATION

BY THE

Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Pursuant to Article IV, Section 14, of the Texas Constitution, I, Greg Abbott, Governor of Texas, do hereby disapprove of and veto Senate Bill No. 3 as passed by the Eighty-Ninth Texas Legislature, Regular Session, because of the following objections:

Texans on each side of the Senate Bill 3 debate raise serious concerns. But one thing is clear—to ensure the highest level of safety for minors, as well as for adults, who obtain a product more dangerous than what they expected, Texas must strongly regulate hemp, and it must do so *immediately*.

Senate Bill 3 is well-intentioned. But it would never go into effect because of valid constitutional challenges. Litigation challenging the bill has already been filed, and the legal defects in the bill are undeniable. If I were to allow Senate Bill 3 to become law, its enforcement would be enjoined for years, leaving existing abuses unaddressed. Texas cannot afford to wait.

This conclusion is not speculative. The only other State to attempt a ban like Senate Bill 3 is Arkansas. In 2023, Arkansas enacted Senate Bill 358, which (like this bill) would have criminalized hemp products that Congress expressly legalized in the 2018 Farm Bill. That federal law converted hemp and hemp products from contraband to lawful commodities. The Arkansas law was challenged, and a federal court swiftly halted it in its entirety, finding it was likely preempted by federal statutes and that its criminal provisions were likely unconstitutionally vague. *See Bio Gen, LLC v. Sanders*, 690 F. Supp. 3d 927, 941 (E.D. Ark. 2023). The result in Arkansas? Their law has sat dormant, meaningless, having no effect for nearly *two years* while further legal proceedings play out. That result must be avoided in Texas.

As a former Supreme Court Justice and Attorney General of Texas, I know that Senate Bill 3 is vulnerable to the same legal attacks. At worst, Senate Bill 3 would be permanently invalidated by the courts; at best, its implementation would be delayed for years as the case winds its way through the legal system. We can do better.

What is the legal problem with Senate Bill 3? As passed, it would prohibit *anyone* from manufacturing, distributing, or possessing consumable hemp products that contain “any amount of a cannabinoid other than” CBD or CBG—regardless of whether those products fall under the federally-mandated THC threshold. It therefore criminalizes what Congress expressly legalized and puts federal and state law on a collision course: Today, federal law promises Texas farmers that they may grow hemp without fear of criminal liability. But under Senate Bill 3, the seeds used to grow those plants are “consumable products”—currently available in stores—and they naturally contain cannabinoids. What’s a Texas farmer to do? Trust the federal government’s promise, or fear criminal liability from the State?

Senate Bill 3 not only invites potential criminal entrapment for Texas farmers. It would also make felons of other innocent Texans, like pharmacists stocking health supplements, veterans treating PTSD, and parents caring for epileptic children with FDA-approved medications. Possessing “any amount”

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
O'CLOCK

JUN 22 2025

amounts—of THC results in criminal penalties, despite federal law saying “No State ... shall prohibit” the transportation of hemp products.

In addition to the preemption issues that doomed the Arkansas law, Senate Bill 3 could also be an unconstitutional taking of private property. There are many bad actors who have abused the authority granted to them by both the federal government and the State of Texas. But there are also many Texans conducting business responsibly, who invested millions of dollars planting fields or opening up retail stores in reliance on laws making hemp a lawful product to “be sold at retail or otherwise introduced into commerce.” TEX. HEALTH & SAFETY CODE § 443.152(a). While States may restrict the use of dangerous contraband, it is a different thing entirely to change the rules in the middle of the game, thereby interfering with “distinct investment-backed expectations” in property. *Penn Cent. Transp. Co. v. City of New York*, 438 U.S. 104, 124 (1978).

Proponents of Senate Bill 3 have acknowledged this likelihood of litigation but may not have fully processed the consequences. Just two days ago, a group of plaintiffs filed a lawsuit in Travis County District Court arguing that Senate Bill 3 is preempted by federal law and would be an unconstitutional taking in violation of both the federal and state Constitutions. They assert that the bill will “turn farmers, business owners, and consumers into criminals, despite the protections for hemp products conferred by federal law.” See Original Pet., *CBD Pros USA v. Texas*, No. _____ (___ Dist. Ct., Travis County, Tex., filed June 20, 2025). They are right.

Allowing Senate Bill 3 to become law—knowing that it faces a lengthy battle that will render it dead on arrival in court—would hinder rather than help us solve the public safety issues this bill seeks to contain. The problem THC poses for our communities is real. Earlier this year, a 15-year-old in Houston took a large amount of hemp gummies. When he suffered a “bad reaction,” he called 911, then shot his mother and his sister repeatedly. Just this month, two teens distributed hemp products at a graduation party in Prosper. The celebration ended early when seven high school students had to be rushed to a hospital.

How did we get here?

In 2019, after the federal government passed the Farm Bill, legislators passed House Bill 1325, fixating on the *cannabis sativa* plant. Any plant variant with more than 0.3% THC by dry weight was deemed (illegal) marijuana; any variant with less was deemed (legal) hemp available to anyone, regardless of age. As it turned out, the smaller amount of THC in hemp could be multiplied and modified to make products stronger and more addictive than marijuana. Bad actors did what bad actors do—they took advantage. They engineered products with dangerously high concentrations. And they marketed lollipops and other products designed to mimic candies popular with kids. The current market is dangerously under-regulated, and children are paying the price. If Senate Bill 3 is swiftly enjoined by a court, our children will be no safer than if no law was passed, and the problems will only grow.

That is why I am vetoing Senate Bill 3 and calling a Special Legislative Session in July to craft a law that does as much as possible to corral the problems while also being structured so that it can go into effect this year.

Texas must enact a regulatory framework that protects public safety, aligns with federal law, has a fully funded enforcement structure, and can take effect without delay. Legislators could consider a structure similar to the way alcohol is regulated, with strict enforcement by an agency like the Texas Alcoholic

Beverage Commission. A sample of potential regulations could include some of the following:

- Selling or providing a THC product to a minor must be punishable as a crime;
- Sales must be prohibited near schools, churches, parks, playgrounds, and other areas frequented by children;
- Packaging must be child-resistant, tamper-evident, and resealable;
- Products must not be made, packaged, or marketed in a manner attractive to children;
- Any store selling these products must have a permit and restrict access to anyone under the age of 21, with strict penalties for any retailer that fails to comply;
- Products containing THC may not contain other psychoactive substances (e.g., alcohol, tobacco, kratom);
- Testing must be required at every phase of production and manufacturing, including for both plants and derivative consumable products;
- Manufacturing and processing facilities must be subject to permitting and food safety rules;
- Permit and registration fees must suffice to support robust enforcement and testing by the Texas Alcoholic Beverage Commission, in partnership with other state agencies;
- An operator's permit and warning/danger signs must be posted at any store selling these products;
- Sales must be limited to the hours between 10:00 a.m. and 9:00 p.m., and prohibited on Sundays;
- The amount of THC permissible in each product must be restricted and an individual may make only a limited number of purchases in a given period of time;
- Labels must include a surgeon general-style warning, a clear disclosure of all ingredients, including the THC content, and a scannable barcode or QR code linking to test results;
- Fraudulently creating or displaying manifests or lab results must be punishable as felony offenses;
- Public consumption, consumption on the premises of any store that sells these products, and possession of an open container in a vehicle must be punishable as crimes;
- The Attorney General, district attorneys, and county attorneys must have authority to pursue violations under the Deceptive Trade Practices Act;
- Local governments must have the option to prohibit or limit stores selling these products;
- Excise taxes must be assessed on these products to fund oversight and enforcement; and
- Additional funding must be provided to ensure law enforcement have sufficient resources to vigorously enforce restrictions.

This list, of course, is not exhaustive. But it may provide items to consider in a regulatory system that is strict, fair, and legally sustainable.

Passing a law is not the same thing as actually solving a problem. Texas needs a bill that is enforceable and will make our communities safer *today*, rather than years from now. Next month, the Legislature will have the opportunity to address this serious issue. I look forward to working with them to ensure that we get it right.

Since the Eighty-Ninth Texas Legislature, Regular Session, by its adjournment has prevented the return of this bill, I am filing these objections in the office of the secretary of state and giving notice thereof by this public proclamation according to the aforementioned constitutional provision.



IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 22nd day of June, 2025.


GREG ABBOTT
Governor of Texas

ATTESTED BY:


JANE NELSON
Secretary of State

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
O'CLOCK

JUN 22 2025

Exhibit 21

Proclamation for First Special Session, 89th Leg.
(Gov. Abbott)



GOVERNOR GREG ABBOTT

July 9, 2025

Mr. Adam Bitter, General Counsel
Office of the Secretary of State
State Capitol Room 1E.8
Austin, Texas 78701

FILED IN THE OFFICE OF THE
TEXAS SECRETARY OF STATE
3:00 pm O'CLOCK

JUL 09 2025
ANB
Secretary of State

Dear Mr. Bitter:

Pursuant to his powers as Governor of the State of Texas, Greg Abbott has issued the following:

A proclamation calling an extraordinary session of the 89th Legislature, to convene in the City of Austin, at noon on Monday, July 21, 2025.

The original proclamation is attached to this letter of transmittal.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "GSD", with a long horizontal flourish extending to the right.

Gregory S. Davidson
Executive Clerk to the Governor
GSD/gsd

Attachment

PROCLAMATION

BY THE

Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, GREG ABBOTT, Governor of the State of Texas, by the authority vested in me by Article III, Sections 5(a) and 40, and Article IV, Section 8(a) of the Texas Constitution, do hereby call a Special Session of the 89th Legislature, to convene in the City of Austin, commencing at 12:00 p.m. on Monday, July 21, 2025, to consider and act upon the following:

Legislation to improve early warning systems and other preparedness infrastructure in flood-prone areas throughout Texas.

Legislation to strengthen emergency communications and other response infrastructure in flood-prone areas throughout Texas.

Legislation to provide relief funding for response to and recovery from the storms which began in early July 2025, including local match funding for jurisdictions eligible for FEMA public assistance.

Legislation to evaluate and streamline rules and regulations to speed preparedness for and recovery from natural disasters.

Legislation to eliminate the STAAR test and replace it with effective tools to assess student progress and ensure school district accountability.

Legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes.

Legislation making it a crime to provide hemp-derived products to children under 21 years of age.

Legislation to comprehensively regulate hemp-derived products, including limiting potency, restricting synthetically modified compounds, and establishing enforcement mechanisms, all without banning a lawful agricultural commodity.

Legislation further protecting unborn children and their mothers from the harm of abortion.

Legislation prohibiting taxpayer-funded lobbying, including the use of tax dollars to hire lobbyists and payment of tax dollars to associations that lobby the Legislature.

Legislation, similar to Senate Bill No. 1278 from the 89th Legislature, Regular Session, that protects victims of human trafficking from criminal liability for non-violent acts closely tied to their own victimization.

Legislation that protects law enforcement officers from public disclosure of unsubstantiated complaints in personnel files.

Legislation protecting women's privacy in sex-segregated spaces.

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
3:00pm O'CLOCK

JUL 09 2025

Legislation proposing a constitutional amendment allowing the Attorney General to prosecute state election crimes.

Legislation that provides a revised congressional redistricting plan in light of constitutional concerns raised by the U.S. Department of Justice.

Legislation, similar to Senate Bill No. 648 from the 89th Legislature, Regular Session, that provides strengthened protections against title theft and deed fraud.

Legislation, similar to Senate Bill No. 1253 from the 89th Legislature, Regular Session, that authorizes political subdivisions to reduce impact fees for builders who include water conservation and efficiency measures.

Legislation, similar to Senate Bill No. 2878 from the 89th Legislature, Regular Session, relating to the operation and administration of the Judicial Department of state government.


The Secretary of State will take notice of this action and will notify the members of the legislature of my action.



IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my office in the City of Austin, Texas, this the 9th day of July, 2025.


GREG ABBOTT
Governor

Attested by:


ADAM BITTER
General Counsel
Secretary of State

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
3:00 PM O'CLOCK

JUL 09 2025

Exhibit 22

Proclamation for Second Special Session, 89th Leg.
(Gov. Abbott)



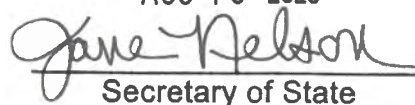
GOVERNOR GREG ABBOTT

August 15, 2025

The Honorable Jane Nelson
Secretary of State
State Capitol Room 1E.8
Austin, Texas 78701

FILED IN THE OFFICE OF THE
TEXAS SECRETARY OF STATE
10:21 AM O'CLOCK

AUG 15 2025


Secretary of State

Dear Secretary Nelson:

Pursuant to his powers as Governor of the State of Texas, Greg Abbott has issued the following:

A proclamation calling a second extraordinary session of the 89th Legislature, to convene in the City of Austin, at noon on Friday, August 15, 2025.

The original proclamation is attached to this letter of transmittal.

Respectfully submitted,


Gregory S. Davidson
Executive Clerk to the Governor

GSD/gsd

Attachment

PROCLAMATION

BY THE

Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, GREG ABBOTT, Governor of the State of Texas, by the authority vested in me by Article III, Sections 5(a) and 40, and Article IV, Section 8(a) of the Texas Constitution, do hereby call Special Session #2 of the 89th Legislature, to convene in the City of Austin, commencing at 12:00 p.m. on Friday, August 15, 2025, for the following purposes:

To consider and act upon the following:

Legislation to ensure and enhance youth camp safety.

Legislation to improve early warning systems and other preparedness infrastructure in flood-prone areas throughout Texas.

Legislation to strengthen emergency communications and other response infrastructure in flood-prone areas throughout Texas.

Legislation to provide relief funding for response to and recovery from the storms which began in early July 2025, including local match funding for jurisdictions eligible for FEMA public assistance.

Legislation to evaluate and streamline rules and regulations to speed preparedness and recovery from natural disasters.

Legislation to eliminate the STAAR test and replace it with effective tools to assess student progress and ensure school district accountability.

Legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes.

Legislation making it a crime to provide hemp-derived products to children under 21.

Legislation to comprehensively regulate hemp-derived products, including limiting potency, restricting synthetically modified compounds, and establishing enforcement mechanisms, all without banning lawful hemp-derived products.

Legislation further protecting unborn children and their mothers from the harm of abortion.

Legislation prohibiting taxpayer-funded lobbying, including the use of tax dollars to hire lobbyists and payment of tax dollars to associations that lobby the Legislature.

Legislation, similar to Senate Bill No. 1278 from the 89th Legislature, Regular Session, that protects victims of human trafficking from criminal liability for non-violent acts closely tied to their own victimization.

Legislation that protects law enforcement officers from public disclosure of unsubstantiated complaints in personnel files.

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
10:21AM O'CLOCK

AUG 15 2025

Legislation protecting women's privacy in sex-segregated spaces.

Legislation that strengthens the Attorney General's authority to investigate and prosecute state election crimes.

Legislation that provides a congressional redistricting plan.

Legislation, similar to Senate Bill No. 648 from the 89th Legislature, Regular Session, that provides strengthened protections against title theft and deed fraud.

Legislation, similar to Senate Bill No. 1253 from the 89th Legislature, Regular Session, that authorizes political subdivisions to reduce impact fees for builders who include water conservation and efficiency measures.

Legislation, similar to Senate Bill No. 2878 from the 89th Legislature, Regular Session, relating to the operation and administration of the Judicial Department of state government.

The Secretary of State will take notice of this action and will notify the members of the legislature of my action.



IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my office in the City of Austin, Texas, this the 15th day of August, 2025.

A handwritten signature in black ink that reads "Greg Abbott".

GREG ABBOTT
Governor

Attested by:

A handwritten signature in black ink that reads "Jane Nelson".

JANE NELSON
Secretary of State

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
10:21AM O'CLOCK

AUG 15 2025

Exhibit 23

Executive Order GA-56
(Gov. Abbott)




GOVERNOR GREG ABBOTT

September 10, 2025

Mr. David Nelson
Deputy Secretary of State
State Capitol, Room 1E.8
Austin, Texas 78701

FILED IN THE OFFICE OF THE
TEXAS SECRETARY OF STATE
9:30AM O'CLOCK

SEP 10 2025


Secretary of State

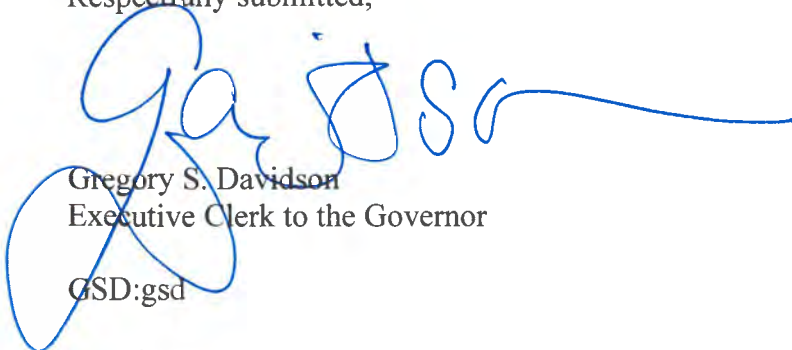
Dear Deputy Secretary Nelson:

Pursuant to his powers as Governor of the State of Texas, Greg Abbott has issued the following:

Executive Order No. GA-56 relating to protecting children from hemp and hemp-derived products and clarifying regulations pertaining to such products.

The original executive order is attached to this letter of transmittal.

Respectfully submitted,


Gregory S. Davidson
Executive Clerk to the Governor

GSD:gsd

Attachment

Executive Order

BY THE
GOVERNOR OF THE STATE OF TEXAS

Executive Department
Austin, Texas
September 10, 2025

EXECUTIVE ORDER
GA 56

*Relating to protecting children from hemp and hemp-derived products
and clarifying regulations pertaining to such products.*

WHEREAS, in 2018, President Donald J. Trump signed into law the Agriculture Improvement Act, which distinguished hemp from marijuana, made hemp and hemp-derived products lawful commodities, and authorized States to “regulate”—but not outright ban—the production of hemp and its naturally occurring derivatives, 7 U.S.C. §§ 1639o(1), 1639p(a)(3)(A); and

WHEREAS, in 2019, the 86th Texas Legislature passed House Bill 1325 which provided that the *Cannabis sativa L.* plant and its derivatives containing more than 0.3% delta-9 tetrahydrocannabinol (THC) by dry weight are illegal marijuana while the plant and its derivatives containing not more than 0.3% delta-9 THC by dry weight are legal hemp; and

WHEREAS, marijuana and its derivatives remain illegal in Texas, TEX. HEALTH & SAFETY CODE §§ 481.002(26), 481.120–481.122; and

WHEREAS, in the years since House Bill 1325 was passed, legitimate agricultural, industrial, and retail markets for hemp and hemp-derived products have developed, while bad actors have taken advantage of a dangerously under-regulated marketplace; and

WHEREAS, absent the kind of regulations that apply to other psychoactive substances that may be safely enjoyed by adults like alcohol and tobacco, minors have been allowed to purchase these products without any safeguards; and

WHEREAS, unrestricted sales of such substances to minors by state licensed retailers imperils “the general welfare, health, peace, morals, and safety of the people” and “the public sense of decency,” TEX. ALCO. BEV. CODE § 11.61(b)(7); and

WHEREAS, on June 22, 2025, I, Greg Abbott, Governor of Texas, vetoed Senate Bill 3, 89th Texas Legislature, Regular Session, because it would not have provided a legally sustainable prohibition on access to hemp-derived products by children, did not respect the liberty of adults to access a lawful product that can be made safe through proper regulation and responsible consumption, and banned a commodity made legal by federal law; and

WHEREAS, in the accompanying veto statement, I recommended a detailed approach to regulation that sought to prevent children from accessing consumable hemp products while respecting the liberty of adults, like the proposals up for debate in House Bill 309, 89th Texas Legislature, Second Called Session, which would have:

- Restricted sales to children by: making it a crime to sell hemp-derived products to minors; making it a crime to market, advertise, or package such products in a manner designed to be attractive to children; and requiring a retailer to scan the purchaser’s driver’s license prior to completing the sale for such products;

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- Created sensitive place restrictions including: a prohibition on stores within 1,000 feet of schools, churches, playgrounds, homeless shelters, and substance abuse treatment facilities; and local option elections to prohibit retail sale at both the county and municipality levels;
- Imposed product safety rules including: a prohibition on the retail sale of hemp flower and the manufacture or sale of hemp-derived products containing synthetic cannabinoids; a prohibition on the sale of hemp-derived products mixed with alcoholic beverages, kratom, cava, tobacco, and other similar substances; potency limits per serving and per package based in milligrams rather than percentage concentration; and testing at every stage, from harvest to shelf; and
- Provided detailed enforcement including: a licensing scheme and ongoing monitoring for manufacturers, distributors, and retailers; the ability to cancel a license for violation of licensing rules; a civil cause of action for local prosecutors under the Deceptive Trade Practices Act; and a tax structure scaled to the amount of THC in a product, with revenue allocated to law enforcement, crime labs, and youth education and addiction services; and

WHEREAS, the Legislature also considered advancing legislation like House Bill 36, 89th Texas Legislature, Second Called Session, which would have made it a crime to sell consumable hemp products to children under the age of 21; and

WHEREAS, the Legislature did not pass *any* legislation concerning consumable hemp products, not even a ban for minors, leaving in place the status quo; and

WHEREAS, the Department of State Health Services (DSHS) has authority under Chapters 431, 443, and 481 of the Health and Safety Code, to adopt rules to administer and enforce existing limits on the manufacture, distribution, and sale of consumable hemp products; and

WHEREAS, the Texas Alcoholic Beverage Commission (TABC) has authority under Chapters 5 and 11 of the Alcoholic Beverage Code, to supervise and regulate certain licensees and permittees and their places of business in matters affecting the public; and

WHEREAS, the Department of Public Safety (DPS) has general law enforcement authority within the State of Texas under Article 2 of the Code of Criminal Procedure;

NOW, THEREFORE, I, GREG ABBOTT, Governor of Texas, by virtue of the power and authority vested in me by the Constitution and Statutes of the State of Texas, do hereby direct that:

1. TABC and DSHS shall immediately begin the rulemaking process to protect the public health, safety, and welfare by prohibiting the sale of hemp-derived products to a minor and requiring verification of the purchaser's age with government issued identification prior to completing the sale of any such product, on pain of cancellation of a permit, license, or registration issued by the respective agency.
2. DSHS shall within 10 business days begin reviewing existing agency rules for possible revision and update, including:
 - a. Revising testing requirements under 25 T.A.C. §§ 300.301–300.303 to ensure that tests measure the total delta-9 THC content of a hemp-derived product by accounting for both delta-9 THC and the conversion of tetrahydrocannabinolic acid (THCA);
 - b. Revising application and renewal fees under 25 T.A.C. § 300.202 for hemp manufacturer and hemp retailer licenses to reflect the full regulatory and enforcement costs incurred by the State;
 - c. Clarifying and standardizing labeling requirements under 25 T.A.C. § 300.402 for

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- hemp-derived products to ensure informed consumers, including by listing the amount and concentration of cannabinoids contained in a product, a recommended serving size, and health warnings consistent with consumer protection laws; and
- d. Strengthening recordkeeping requirements under 25 T.A.C. § 300.203 for all sales, inventory, and product testing results subject to inspection by the agency.
3. DSHS shall coordinate with TABC concerning the enforcement of laws and rules governing hemp-derived products, which may include:
 - a. Reallocation of responsibilities for compliance checks, enforcement operations, and seizure authority;
 - b. Protocols for the transmittal of licensing information, regulatory data, testing data, and any other information necessary to support enforcement operations;
 - c. Identification of available sources of funding and establishment of a mechanism for transferring funds, including appropriated funds, collected fees, and any other available revenue, from DSHS to TABC in amounts necessary to carry out the delegated powers and duties; and
 - d. Protocols for regular reporting by TABC to DSHS on enforcement actions, detected violations, and compliance trends.
 4. TABC, DSHS, Texas A&M University AgriLife Extension Service, and any other relevant state agency, shall jointly conduct a study on implementation of rules similar to those in House Bill 309, 89th Texas Legislature, Second Called Session. The study should include:
 - a. A timeline for phased implementation of the proposed regulatory framework;
 - b. Identification of potential impediments to, costs associated with, and funding mechanisms for successful implementation of the proposed regulatory framework, including personnel, training, lab testing, and other resource needs;
 - c. Evidence-based methods for determining intoxication from hemp-derived products for purposes of preventing, detecting, and prosecuting intoxication-related offenses;
 - d. An assessment of strategies to prevent unlawful sales and resales, including from other States; and
 - e. Recommendations on coordination between state and local law enforcement agencies to ensure uniform enforcement across Texas.
 5. DPS shall coordinate with other law enforcement and regulatory agencies to ensure enforcement of state laws governing unlawful sales of consumable hemp products, and to take appropriate measures to deter and address violations consistently across the State.

This executive order supersedes all previous orders in conflict or inconsistent with its terms and shall remain in effect and in full force until modified, amended, rescinded, or superseded by the Governor.

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Given under my hand this the
10th day of September, 2025.



GREG ABBOTT
Governor

ATTESTED BY:



DAVID NELSON
Deputy Secretary of State

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Exhibit 24

Rule Review and Comment,
Texas Register August 9, 2024

Texas Register

AGENCY Department of State Health Services

ISSUE 08/09/2024

ACTION Rule Review

Department of State Health Services

Adopted Rule Reviews

Title 25, Part 1

The Texas Health and Human Services Commission (HHSC), on behalf of the Texas Department of State Health Services (DSHS), adopts the review of the chapter below in Title 25, Part 1, of the Texas Administrative Code (TAC):

Chapter 300, Manufacture, Distribution, and Retail Sale of Consumable Hemp Products

Notice of the review of this chapter was published in the March 22, 2024, issue of the *Texas Register* (49 TexReg 1974).

HHSC received 425 comments, some with multiple comments, concerning this chapter. A summary of comments and HHSC's and DSHS' responses follows.

Businesses submitting comments and represented in the individual comments include: 210 Double; Hometown Hero; CBD American Shaman (Southlake and College Station); Pharm Road Wellness; Tactical Vapors; Zebra Head; Hemp and Herbs; Happy Clouds; Endo Laredo Dispensary, LLC; Texas Hemp Reporter; Turquoise Mountains; Freedom Vapes; Elevated Hemp Co.; One Love Tattoos LLC; Moderne Primitives LLC; Mango Island Smoke Shop; Cozy Cannabis Dispensary; Fog Hog Vapors; RHD Remedies; Lufkin Vapor Supply; Breathe Easy Hemp-House; Maguire Strategies; Two Romantics; The Texas Hemp Show; and Canniversal.

Comment: Thirty-six commenters recommend keeping the current rules. One commenter is requesting no changes to the rules that restrict access to consumable hemp products.

Response: DSHS appreciates the comment and will review in future rule making.

Comment: One commenter suggests replacing the current QR code system with a more secure solution utilizing blockchain-enabled Near-Field Communication/Radio Frequency Identification (NFC/RFID) chips.

Response: The proposed labeling requirements are designed to be minimum standards. DSHS appreciates the comment and will review in future rule making.

Comment: One commenter recommends establishing Uniform Testing Laboratory Standards for Industry and Law Enforcement.

Response: The proposed testing requirements are designed to be minimum standards. Businesses may conduct more robust testing at their own discretion.

Comment: One commenter recommends requiring full panel testing on all consumable products.

Response: DSHS requires full panel testing, as appropriate to consumable hemp products.

Comment: Two commenters recommend adding the requirement that packaging be child resistant, as outlined in 16 C.F.R. 1700 (Poison Prevention Packaging) (1995).

Response: DSHS appreciates the comment and will review in future rule making.

Comment: Three commenters recommend restricting the sale of products from gas stations, convenience stores, and head shops. Products need to be in hemp/cannabis locations.

Response: DSHS makes no distinction between gas stations, convenience stores, and head shops. Businesses who sell consumable hemp products are required to obtain a license or registration from DSHS and to comply with Texas Health and Safety Code, Chapter 443 and 25 TAC Chapter 300.

Comment: One commenter recommends hemp products be made available only in specialty stores that have hemp permits, with strict guidelines in place to regulate the sale of these products.

Response: Businesses who sell consumable hemp products are required to obtain a license or registration from DSHS and to comply with Texas Health and Safety Code, Chapter 443 and 25 TAC Chapter 300.

Comment: One commenter recommends delta 8 gummy pieces be individually wrapped.

Response: DSHS cannot comment regarding delta 8 due to pending litigation. DSHS appreciates the comment and will review in future rule making.

Comment: Three commenters recommend prohibiting consumable hemp sales in alcohol licensed locations.

Response: DSHS considers these comments to be outside the scope of rulemaking for this chapter. House Bill (H.B.) 1325 (Texas Health and Safety Code, Chapter 443) requires DSHS to develop rules regulating the manufacture, distribution, and sale of consumable hemp products in Texas. Chapter 443 does not prohibit the sale of consumable hemp products at locations where alcoholic beverages are sold.

Comment: One commenter recommends putting tetrahydrocannabinol (THC) limits on serving sizes and packages. One commenter recommends the serving size be 10mg.

Response: DSHS appreciates the comment and will review in a future rule making process.

Comment: One commenter recommends outlawing cannabinoids other than delta 9 THC.

Response: DSHS appreciates the comment, due to pending litigation, DSHS will review this recommendation in a future rule making process.

Comment: Two commenters raised concerns regarding the dry weight of 0.3% delta 9 THC threshold. One commenter is concerned that firms are exploiting the loophole and the delta 9 THC should be measured by dose or milligrams, not percentage. Another commenter recommends "tightening" the farm bill so there is no ambiguity.

Response: The definition of hemp is in statute at Texas Health and Safety Code §443.001(5), which has the meaning assigned by Texas Agriculture Code §121.001. Change to statute requires legislative action and, hence, is outside the scope of the 4-year rule review.

Comment: One commenter recommends consumable hemp packaging not resemble common food items.

Response: DSHS defines a consumable hemp product as food, a drug, a device, or a cosmetic, as those terms are defined by Texas Health and Safety Code, §431.002(16), that contains hemp or one or more hemp-derived cannabinoids, including cannabidiol. Texas Health and Safety Code, §443.204(2) states products containing one or more hemp-derived cannabinoids, such as cannabidiol, intended for ingestion are considered foods.

Comment: Twenty-three commenters recommend that access of consumable hemp products be limited to only adults over the age of 21 years old. One commenter recommends vendors be also over the age of 21 to sell consumable hemp products to the public. One commenter further recommends adding an exception to military members between the ages of 18 through 21 years of age.

Response: Texas Health and Safety Code Chapter 443 does not state a minimum age to purchase consumable hemp products and must be addressed by Texas legislature.

Comment: One commenter recommends consumable hemp rules be evaluated and reviewed by medical and public health experts, not by persons with interest in the cannabis industry.

Response: H.B. 1325 (Texas Health and Safety Code, Chapter 443) requires DSHS to develop rules regulating, distribution, and sale of consumable hemp products. DSHS consults with subject matter experts in developing rules.

Comment: 394 commenters opposed the prohibition and restrictions to access to delta 8 THC, THC-A, and delta 9 THC consumable hemp products.

Reasons for opposition to the prohibition of delta 8 THC, THC-A, and delta 9 THC consumable hemp products include:

-A deleterious effect on the overall consumable hemp product business in Texas, particularly on those businesses already selling the products.

-A negative impact on individuals who depend on smoking for rapid delivery of cannabidiol to relieve medical conditions.

-Lack of constitutionality under the Texas Farm Bill.

-The cannabis illegal black market will flourish.

-The opioids crisis will worsen.

Response: DSHS appreciates the comment, due to pending litigation, DSHS will review in future rule making.

Comment: One commenter recommends revision of proposed 25 TAC §300.301 to require specific analytical techniques such as Gas Chromatography Mass Spectrometry (GC-MS) and High-Performance Liquid Chromatography (HPLC).

Response: DSHS appreciates the comment and will review in future rule making. Texas Health and Safety Code §443.202 and §443.151 do not prescribe testing methods.

Comment: One commenter recommends the establishment of an office to track and issue licenses, inspect retailers, issue warnings and citations, educate consumers on responsible use, and regularly evaluate the program.

Response: DSHS has established a Consumable Hemp Program that tracks and issues licenses, inspects retailers, issues warnings and citations, and regularly evaluates the program's goals. DSHS appreciates the comment about educating consumers on responsible use and will review in future rule making.

Comment: One commenter recommends that smokable hemp be removed from retail establishments via inspection and compliance checks.

Response: Manufacturing and processing of consumable hemp products for smoking is prohibited; however, distribution and retail sale of consumable hemp products for smoking are allowed.

Comment: One commenter recommends prohibiting cannabinoids until further research is conducted.

Response: DSHS appreciates the comment and will review in future rule making.

Comment: One commenter recommends that no retail cannabis establishments or signage be located within 500 feet of a school, church, playground, park, or other areas where youth are likely to be.

Response: The Texas Health and Safety Code, Chapter 443 does not have any zoning restrictions. The issue must be addressed by Texas legislature.

Comment: One commenter recommends the regulating agency establish excise taxes, indexed to inflation, at a rate intended to discourage excessive use and underage use. These revenues must be allocated in part to drug prevention and treatment programs as well as law enforcement, emergency services, and mental health to alleviate the negative consequences of increased access to a third legal drug.

Response: Agencies must possess statutory authority to adopt rules, and a rule may not exceed that statutory authority. DSHS considers this comment outside the scope of statutory authority of Texas Health and Safety Code Chapter 443, which requires DSHS to develop rules regulating the manufacture, distribution, and sale of consumable hemp products in Texas.

Comment: One commenter recommends that cannabis products and businesses not be allowed to advertise via TV or other broadcast media (radio, movie theaters, online media, etc.) nor on billboards. The commenter also recommends that print and online advertisements not contain endorsements or images of superheroes, celebrities, human models, paraphernalia, mascots, marijuana leaves, or graphic images of drug use. The commenter further recommends that the regulating agency establish minimum pricing to reduce marketing through extreme discounts and prohibit "giveaways" of free product and that rules prohibit violations of trademark law, products that appear similar to popular foods and drinks, and packaging that is overly attractive to youth.

Response: Agencies must possess statutory authority to adopt rules, and a rule may not exceed that statutory authority of Texas Health and Safety Code Chapter 443. DSHS considers this comment outside the scope of statutory authority of Texas Health and Safety Code Chapter 443, which requires DSHS to develop rules regulating the manufacture, distribution, and sale of consumable hemp products in Texas.

Comment: Sixteen commenters recommend on not revising or restricting the farm bill.

Response: Agencies must possess statutory authority to adopt rules and a rule may not exceed that statutory authority. DSHS considers these comments outside the scope of statutory authority of Texas Health and Safety Code Chapter 443, which requires DSHS to develop rules regulating the manufacture, distribution, and sale of consumable hemp products in Texas.

Comment: Thirteen commenters recommend legalizing marijuana.

Response: DSHS considers these comments outside the scope of rulemaking for this chapter. H.B. 1325 (Texas Health and Safety Code, Chapter 443) requires DSHS to develop rules regulating the manufacture, distribution, and sale of consumable hemp products in Texas. H.B. 1325 contains no authorization for the legalization of marijuana in Texas.

HHSC and DSHS have reviewed 25 TAC Chapter 300 in accordance with Texas Government Code §2001.039, which requires state agencies to assess, every four years, whether the initial reasons for adopting a rule continue to exist.

The agencies determined that the original reasons for adopting all rules in the chapter continue to exist and readopts 25 TAC Chapter 300. Any amendments, if applicable, to 25 TAC Chapter 300 identified by HHSC and DSHS in the rule review will be proposed in a future issue of the *Texas Register*.

This concludes HHSC's and DSHS' review of 25 TAC Chapter 300 as required by the Texas Government Code §2001.039.

TRD-202403407

Jessica Miller

Director, Rules Coordination Office

Department of State Health Services

Filed: July 26, 2024

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Exhibit 25

Proposed Rules,
Texas Register, December 26, 2025

TITLE 25. HEALTH SERVICES

PART 1. DEPARTMENT OF STATE HEALTH SERVICES

CHAPTER 300. MANUFACTURE, DISTRIBUTION, AND RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

The executive commissioner of the Texas Health and Human Services Commission (HHSC), on behalf of the Department of State Health Services (DSHS), proposes amendments to §§300.100 - 300.103, 300.201 - 300.203, 300.301 - 300.303, 300.402 - 300.404, 300.501, 300.502, 300.601 - 300.606; and new §§300.204 - 300.208, 300.405 - 300.407, 300.701, and 300.702 concerning Manufacture, Distribution, and Retail Sale of Consumable Hemp Products.

BACKGROUND AND PURPOSE

House Bill 1325 (86th Legislature, Regular Session) established Texas Health and Safety Code (HSC) Chapter 443 for the Manufacture, Distribution, and Sale of Consumable Hemp Products (CHPs). The rules in Title 25 Texas Administrative Code Chapter 300 implement HSC 443 and became effective on August 2, 2020.

On September 10, 2025, Governor Greg Abbott issued Executive Order GA-56 which directed the department to amend the rules to prohibit the sale of CHPs to minors by retail hemp registrants and manufacturers; to add age verification requirements; to update testing requirements; and to update record keeping requirements.

The proposal increases the initial and renewal licensing fees for consumable hemp manufacturers to \$25,000 annually and increases the registration fees to \$20,000 annually per location. The proposal adds a written consent requirement for Texas Alcoholic Beverage Commission (TABC) to enter the premises to conduct a physical inspection for both manufacturers and retail hemp registrants.

SECTION-BY-SECTION SUMMARY

DSHS made minor editorial changes to the rules to ensure consistency and improve overall clarity, including necessary renumbering, punctuation and grammatical edits, and changing the word "shall" to "must."

The proposed amendment to §300.100 is a minor copy edit only.

The proposed amendment to §300.101 changes existing definitions of "approved hemp source," "cannabidiol (CBD)," "Certificate of Analysis (COA)," "consumable hemp product," "consumable hemp products license," "delta-9 tetrahydrocannabinol," "distributor," "manufacturer," "measurement of uncertainty," "non-consumable hemp processor," "registrant," "tetrahydrocannabinol (THC)," and "smoking." The proposed amendment adds new definitions for "batch date," "batch ID number," "cannabis," "decarboxylation," "hemp-derived cannabinoid product," "marihuana," "minor," "private labeling," "supplier," "tetrahydrocannabinol acid (THCA)," "total THC," and "total Delta-9 THC," and removes the definition for "lot number."

The proposed amendment to §300.102 adds Chapter 229, Subchapter O to the list of applicable regulations.

The proposed amendment to §300.103 consists primarily of editorial changes and clarifies citations to 21 United States Code.

The proposed amendment to §300.201 adds Texas Alcoholic Beverage Commission to the list of agencies a consumable hemp product (CHP) license applicant must consent to allow entry and clarifies the requirements for "business name."

The proposed amendment to §300.202 clarifies what constitutes a valid license and updates license fees and terms.

The proposed amendment to §300.203 adds new subsections (d) and (e) to specify what and how records must be maintained and replaces "§519 or §520(g)" with "§360(i) or §360(j)" to reference the correct federal code.

Proposed new §300.204 contains specific requirements for master production records to promote uniformity across production batches.

Proposed new §300.205 contains specific requirements for individual batch production records.

Proposed new §300.206 contains specific source and traceability requirements for raw materials and ingredients.

Proposed new §300.207 contains requirements for conducting product recalls, including maintaining a written recall plan.

Proposed new §300.208 contains requirements for the documentation, evaluation, and investigation of consumer complaints by CHP licensees.

The proposed amendment to §300.301 clarifies testing requirements for raw hemp, hemp-derived ingredients, and CHP and adds new subsections (b) and (d) - (f) which outlines requirements for certificates of analysis (COAs).

The proposed amendment to §300.302 clarifies the language regarding acceptable delta-9 THC limits and business' responsibility for providing samples to DSHS at the businesses' own expense, and changes the title of the rule from *Sample Analysis of Consumable Hemp and Certain Cannabinoid Oils* to *Sample Analysis of Consumable Hemp Products*.

The proposed amendment to §300.303 clarifies that manufacturers must also meet the testing requirements of §300.301. The proposal repeals subsection (f) regarding DSHS acceptance of sample results from other accredited laboratories, subsection (h) regarding DSHS notification of license holders with sample results within 14 days, and subsection (k) regarding exemptions to testing requirements. The proposed amendment also clarifies the department's responsibility to provide an updated list of analytes and upper limits.

The proposed amendment to §300.402 clarifies label requirements; adds new subsection (b) regarding warning statements on labels; and repeals subsection (c) regarding placement and QR code requirements.

The proposed amendment to §300.403 is a minor edit only replacing "this state" with "Texas," and "registrant" with "person."

The proposed amendment to §300.404 adds language to prohibit the transport of ingredients containing THC above 0.3% into Texas for further processing.

Proposed new §300.405 adds requirements for packaging that is tamper-evident, child-resistant, and non-attractive to children.

Proposed new §300.406 adds language regarding handling of packaging and labeling materials, including keeping written procedures and documentation.

Proposed new §300.407 adds language to prohibit labels that mislead consumers to believe products do not contain hemp-derived cannabinoids or are intended for medical use.

The proposed amendment to §300.501 removes language that restricts the prohibition to products "containing CBD."

The proposed amendment to §300.502 adds language requiring the business or property owner to provide written consent for entry by DSHS, Texas Alcoholic Beverage Commission (TABC), or law enforcement when applying for a license. The amendment also increases fees. Additionally, the amendment specifies that an expired registration is no longer valid and repeals subsection (f) regarding the collection of Texas.gov fees.

The proposed amendment to §300.601 clarifies each violation counts individually when calculating an administrative penalty.

The proposed amendment to §300.602 adds new language to classify the following prohibited acts: refusal of inspection, sample collection, photography, copy of records, and aggressive or threatening behavior.

The proposed amendment to §300.603 is a minor clarifying edit only.

The proposed amendment to §300.604 removes the requirement for a reverse distributor to destroy THC products above the acceptable hemp THC level and instead specifies referral to law enforcement.

The proposed amendment to §300.605 removes a good and sufficient bond for correction of adulterated or mislabeled products and a minor edit.

The proposed amendment to §300.606 is editorial in nature only.

Proposed new §300.701 prohibits the sale of CHPs to minors and requires valid identification as proof of age for purchase.

Proposed new §300.702 establishes sale of CHPs to minors as grounds for the revocation of a CHP license or retail hemp registration.

FISCAL NOTE

Christy Havel Burton, Chief Financial Officer, has determined that for each year of the first five years the rules will be in effect, there will be an estimated increase in revenue to state government as a result of enforcing and administering the rules as proposed. Enforcing or administering the rules does not have foreseeable implications relating to costs or revenues of local government.

The effect on state government for each year of the first five years the proposed rules are in effect is an estimated increase in revenue of \$202,050,000 in fiscal year (FY) 2026; \$202,050,000 in FY 2027; \$202,050,000 in FY 2028; \$202,050,000 in FY 2029; and \$202,050,000 in FY 2030; and an estimated increase in costs of \$69,315.00 in FY 2026; \$5,648.00 in FY 2027; \$5,648.00 in FY 2028; \$5,648.00 in FY 2029; and \$5,648.00 in FY 2030.

GOVERNMENT GROWTH IMPACT STATEMENT

DSHS has determined that during the first five years the rules will be in effect:

(1) the proposed rules will not create or eliminate a government program;

(2) implementation of the proposed rules will not affect the number of DSHS employee positions;

(3) implementation of the proposed rules will require an increase in future legislative appropriations;

(4) the proposed rules will require an increase in fees paid to DSHS;

(5) the proposed rules will create a new regulation;

(6) the proposed rules will expand existing regulations;

(7) the proposed rules will not change the number of individuals subject to the rules; and

(8) DSHS has insufficient information to determine the proposed rules' effect on the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Christy Havel Burton has also determined there will be an adverse economic effect on small businesses or micro-businesses, or rural communities due to the higher licensing and registration fees and higher costs to comply with the proposed rule updates.

DSHS estimates the number of small businesses, micro-businesses, and rural communities subject to the proposed rules is approximately 9,900. The projected, total economic impact for small businesses, micro-businesses, and rural communities across the state is \$202,050,000 for each of the first five years the rules will be in effect.

DSHS determined that alternative methods to achieve the purpose of the proposed rules for small businesses, micro-businesses, or rural communities would not be consistent with ensuring the health and safety of adults and minors who have been targeted consumers of CHPs.

LOCAL EMPLOYMENT IMPACT

The proposed rules will impact the local economy, but DSHS does not have sufficient data to define the impact.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to these rules because the rules are necessary to protect the health, safety, and welfare of the residents of Texas.

PUBLIC BENEFIT AND COSTS

Timothy Stevenson, DVM, PhD, Deputy Commissioner, Consumer Protection Division, has determined that for each year of the first five years the rules are in effect, the public benefit will be increased public health requirements for the manufacturers, distributors, and retailers of CHPs along with prohibited availability and access of CHPs to minors.

Christy Havel Burton has also determined that for the first five years the rules are in effect, persons who are required to comply with the proposed rules may incur economic costs because of higher licensing and registration fees. Some retailers and manufacturers may incur costs associated with compliance with age verification requirements, depending on the methodology and equipment used to verify identification and to ensure minors are not sold consumable hemp products.

TAKINGS IMPACT ASSESSMENT

DSHS has determined that the proposal does not restrict or limit an owner's right to the owner's property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

PUBLIC COMMENT

Written comments on the proposal, including information related to the cost, benefit, or effect of the proposed rule, as well as any applicable data, research, or analysis, may be submitted to Rules Coordination Office, P.O. Box 13247, Mail Code 4102, Austin, Texas 78711-3247, or street address 4601 West Guadalupe Street, Austin, Texas 78751; or emailed to HHSRulesCoordinationOffice@hhs.texas.gov.

To be considered, comments must be submitted no later than 31 days after the date of this issue of the *Texas Register*. Comments must be (1) postmarked or shipped before the last day of the comment period; (2) hand-delivered before 5:00 p.m. on the last working day of the comment period; or (3) emailed before midnight on the last day of the comment period. If the last day to submit comments falls on a holiday, comments must be postmarked, shipped, or emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule 26R008" in the subject line.

SUBCHAPTER A. GENERAL PROVISIONS

25 TAC §§300.100 - 300.103

STATUTORY AUTHORITY

The amendments are authorized by Texas Health and Safety Code §1001.075, which authorizes the executive commissioner of HHSC to adopt rules for the operation and provision of health and human services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001; Texas Health and Safety Code §12.001, stating that the executive commissioner of HHSC has general supervision and control over all matters relating to the health of Texas citizens; Texas Health and Safety Code Chapter 431 and §443.051, stating that the executive commissioner of HHSC shall adopt rules governing the provision of CHPs by license and registration holders; Texas Government Code §524.0151 and §524.0005; and Texas Health and Safety Code §12.001.

The amendments implement Texas Government Code §524.0151, Texas Government Code §524.0005, Texas Health and Safety Code §1001.075, Texas Health and Safety Code §12.001, and Texas Health and Safety Code Chapters 431 and 443.

§300.100. Purpose.

This chapter implements Texas Health and Safety Code[;] Chapter 443, regulating the manufacture, distribution, and retail sale of consumable hemp and consumable hemp products in the State of Texas.

§300.101. Definitions.

The following words and terms, when used in this chapter, have the following meanings unless context clearly indicates otherwise:

(1) Acceptable hemp THC level--A total delta-9 tetrahydrocannabinol content concentration level on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3% [0.3 percent] or less.

(2) Accredited laboratory--A laboratory, including at an institution of higher education, accredited in accordance with the Inter-

national Organization for Standardization ISO/IEC 17025 or a comparable or successor standard.

(3) Act--House Bill 1325, 86th Legislature, Regular Session, 2019, relating to the production and regulation of hemp in Texas, codified in Texas Health and Safety Code[;] Chapter 443.

(4) Analyte--A chemical, compound, element, bacteria, yeast, fungus, mold, or toxin identified and measured by accredited laboratory analysis.

(5) Approved hemp source--Hemp and hemp products [grown] for human use and consumption must be grown [produced] under a state or [a] compatible federal, foreign, or Tribal plan. These plans must be[;] approved by the United States Department of Agriculture under 7 United States Code (U.S.C.) Chapter 38, Subchapter VII, or Texas Agriculture Code[;] Chapter 121. The products must comply[; or in a manner that is consistent] with federal law and the laws of respective foreign jurisdictions. Additionally, the products must come from a manufacturer or distributor licensed with the department according to Texas Health and Safety Code Chapters 431 and 443.

(6) Batch date--The date a product batch was made, used for tracking and quality control. This is also called the lot date.

(7) Batch ID number--A number that identifies a specific amount of raw or processed hemp product that meets standards for identity, strength, purity, and composition. Each batch ID number must include the manufacturer's, processor's, or distributor's number and a sequence for inventory, traceability, and identification of the plant batches used in making consumable hemp products. This is also called the lot number.

(8) Cannabis--A type of flowering plant in the Cannabaceae family. Cannabis sativa is a species. Cannabis indica and Cannabis ruderalis are subspecies.

(9) [(6)] Cannabidiol (CBD)--A phytocannabinoid produced by [identified as an extract from] cannabis [plants].

(10) [(7)] Certificate of Analysis (COA)--An official document from an [released by the] accredited laboratory available to the manufacturer, processor, distributor, [or] retailer, public, or department. The COA shows the concentrations of cannabinoid analytes and other measurements required by the department, including data on THC levels, and states whether a sample passed or failed content analysis limits. [of consumable hemp products, the public, or department, which contains the concentrations of cannabinoid analytes and other measures approved by the department, to also include data on levels of THC and state whether a sample passed or failed any limits of content analysis.]

(11) [(8)] Consumable hemp product (CHP)--Any product processed or manufactured for consumption that contains hemp, including food, a drug, a device, and a cosmetic, as [those terms are] defined by Texas Health and Safety Code[;] §431.002. The definition excludes[; but does not include] any [consumable] hemp product containing a hemp seed[;] or hemp seed-derived ingredient that the FDA [being used in a manner that] has designated as Generally Recognized as Safe [been generally recognized as safe] (GRAS) [by the FDA].

(12) [(9)] Consumable hemp products license--A license issued to a person or facility engaged in the act of manufacturing, extracting, or processing[; or distributing] consumable hemp products for human consumption or use.

(13) Decarboxylation--The removal or elimination of a carboxyl group from a molecule or organic compound.

(14) ~~[(10)]~~ Delta-9 tetrahydrocannabinol (d-9 THC)--A tetrahydrocannabinol isomer known as the ~~[The]~~ primary psychoactive component of cannabis. ~~[For the purposes of this chapter, the terms delta-9 tetrahydrocannabinol and THC are interchangeable.]~~

(15) ~~[(14)]~~ Department--Department of State Health Services.

(16) ~~[(12)]~~ Distributor--A person who distributes consumable hemp products for resale, either through a retail outlet owned by that person or through sales to another retailer. A distributor is required to hold a wholesaler license per Texas Health and Safety Code Chapter 431 ~~[consumable hemp products license]~~.

(17) ~~[(13)]~~ Facility--A place of business engaged in manufacturing, processing, or distributing consumable hemp products subject to the requirements of this chapter and Texas Health and Safety Code~~]~~ Chapter 431. A facility includes a domestic or foreign facility ~~[that is]~~ required to register under the Federal Food, Drug, and Cosmetic Act, Section 415 in accordance with the requirements of 21 Code of Federal Regulations Part 1, Subpart H.

(18) ~~[(14)]~~ FDA--The United States Food and Drug Administration or its successor agency.

(19) ~~[(15)]~~ Federal Act--Federal Food, Drug, and Cosmetic Act (Title 21 U.S.C. 301 et seq.).

(20) ~~[(16)]~~ Hemp--The plant, Cannabis sativa L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a total delta-9 tetrahydrocannabinol content concentration level on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3 percent or less total delta-9 tetrahydrocannabinol concentration.

(21) Hemp-derived cannabinoid product--Any intermediate or final product derived from hemp (other than industrial hemp), that:

(A) contains cannabinoids in any form; and

(B) is intended for human or animal use through any means of application or administration, such as inhalation, ingestion, or topical application.

(22) ~~[(17)]~~ Independent contractor--A person or entity contracted to perform work or sales for a registrant.

(23) ~~[(18)]~~ License holder--The person who is legally responsible for the operation as a consumable hemp manufacturer, processor, or distributor, and possesses a valid license.

~~[(19)]~~ Lot number--A specific quantity of raw or processed hemp product that is uniform and intended to meet specifications for identity, strength, purity, and composition that shall contain the manufacturer's, processor's, or distributor's, number and a sequence to allow for inventory, traceability, and identification of the plant batches used in the production of consumable hemp products.]

(24) ~~[(20)]~~ Manufacturer--A person who makes, extracts, processes, packages, repackages, or distributes consumable hemp product from one or more ingredients. The definition includes ~~[-, including]~~ synthesizing, preparing, treating, modifying, or manipulating hemp, ~~[or]~~ hemp crops, or ingredients to create a consumable hemp product. It also includes private-labeling. For farmers and persons with farm mixed-type facilities, manufacturing and processing ~~do~~ ~~[does]~~ not include activities related to growing, harvesting, packing, or holding raw hemp product.

(25) Marihuana--The plant Cannabis sativa L., whether growing or not, the seeds of that plant, and every compound, manufacture, salt, derivative, mixture, or preparation of that plant or its seeds. The term does not include:

(A) the resin extracted from a part of the plant or a compound, manufacture, salt, derivative, mixture, or preparation of the resin;

(B) the mature stalks of the plant or fiber produced from the stalks;

(C) oil or cake made from the seeds of the plant;

(D) a compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, fiber, oil, or cake;

(E) the sterilized seeds of the plant that are incapable of beginning germination; or

(F) hemp, as that term is defined by Section 121.001, Agriculture Code.

(26) ~~[(21)]~~ Measurement of uncertainty--The parameter, associated with the results of an analytical measurement that characterizes the dispersion of the values that could reasonably be attributed to the quantity subjected to testing measurement. For example, if the reported total d-9 THC ~~[delta-9 tetrahydrocannabinol]~~ content concentration level on a dry weight basis is 0.35% and the measurement of uncertainty is +/- 0.06%, the measured total d-9 THC ~~[delta-9 tetrahydrocannabinol]~~ content concentration level on a dry weight basis for this sample ranges from 0.29% to 0.41%. Because 0.3% is within the distribution or range, the sample is within the acceptable hemp THC level for the purpose of plan compliance.

(27) Minor--A person under 21 years of age.

(28) ~~[(22)]~~ Non-consumable hemp processor--A person who intends to process hemp products not for human consumption and who is registered with the Texas Department of Agriculture.

(29) ~~[(23)]~~ Non-consumable hemp product--As defined by Texas Agriculture Code~~]~~ §122.001(8), means a product that contains hemp, other than a consumable hemp product as defined by Texas Health and Safety Code~~]~~ §443.001. The term includes cloth, cordage, fiber, fuel, paint, paper, particleboard, construction materials, and plastics derived from hemp.

(30) ~~[(24)]~~ Pathogen--A microorganism of public health significance, including molds, yeasts, Listeria monocytogenes, Campylobacter, Salmonella, E. coli, Yersinia, or Staphylococcus.

(31) ~~[(25)]~~ Person--An individual, business, partnership, corporation, or association.

(32) Private labeling--When a person or manufacturer labels a CHP with the person's name and address, thereby representing itself as responsible for the purity and labeling of a CHP.

(33) ~~[(26)]~~ Process--Extraction of a component of hemp, including CBD or another cannabinoid, that is:

(A) sold as a consumable hemp product;

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

(C) incorporated into a consumable hemp product; or

(D) intended for incorporation [to be incorporated] into a consumable hemp product.

(34) ~~[(27)]~~ Processor--A person who operates a facility that [which] processes raw agriculture hemp into consumable hemp products for manufacture, distribution, and sale. A hemp processor is re-

quired to hold a consumable hemp products license. A person issued a consumable hemp products license who~~;~~ ~~which~~ only engages in the manufacturing, processing, and distribution of consumable hemp products~~;~~ is not required to hold a license under Texas Health and Safety Code~~;~~ Chapter 431, Subchapter J.

(35) ~~[(28)]~~ QR code--A quick response machine-readable code that can be read by a camera, consisting of an array of black and white squares used for storing information or directing or leading a user to product information regarding manufacturer data and accredited laboratory COA [certificates of analysis].

(36) ~~[(29)]~~ Raw hemp--An unprocessed hemp plant, or any part of the [that] plant, in its natural state.

(37) ~~[(30)]~~ Registrant--A person~~;~~ ~~on the person's own behalf or on behalf of others;~~ who sells consumable hemp products directly to consumers, and who submits a complete registration form to the department for purposes of registering the [their] place of business to sell consumable hemp products at retail to the public.

(38) ~~[(31)]~~ Reverse distributor--A person registered with the federal Drug Enforcement Agency as a reverse distributor that receives controlled substances from another person or entity for return of the products to the registered manufacturer or to destroy adulterated or impermissible THC products.

(39) ~~[(32)]~~ Smoking--Burning or igniting a substance [consumable hemp product] and inhaling the resultant smoke or heating a substance and inhaling the resulting~~;~~ vapor~~;~~ or aerosol.

(40) Supplier--A person or entity that manufactures or processes a material used in the processing or manufacturing of hemp. This term also includes a person or entity that manufactures hemp-derived cannabinoids or sells products containing hemp-derived cannabinoids to retailers.

(41) ~~[(33)]~~ Tetrahydrocannabinol (THC)--A cannabinoid found in cannabis and considered the [The] primary psychoactive component of the cannabis plant.

(42) Tetrahydrocannabinolic acid (THCA)--A precursor to all tetrahydrocannabinols (THC).

(43) ~~[(34)]~~ Texas Department of Agriculture--The state agency responsible for regulation of planting, growing, harvesting, and testing of hemp as a raw agricultural product.

(44) ~~[(35)]~~ Texas.gov--The online registration system for the State of Texas found at <https://www.texas.gov>.

(45) Total THC--The value determined after the process of decarboxylation, or the application of a conversion factor if the testing methodology does not include decarboxylation, that expresses the potential total tetrahydrocannabinol content derived from the sum of all THC isomers and THCA content and reported on a dry weight basis. This technique requires the use of the following conversion: [Total THC = (0.877 x THCA) + THC], which calculates the potential total THC in a given sample.

(46) Total delta-9 THC--The value is determined after decarboxylation or by applying a conversion factor if the testing method does not include decarboxylation. This shows the potential total delta-9 THC content from the sum of delta-9 THC and THCA, reported on a dry weight basis. The post-decarboxylation value of delta-9 THC can be calculated using a chromatograph technique with heat, like gas chromatography, which converts THCA. This test calculates the potential total delta-9 THC in a sample. The total delta-9 THC can also be calculated using a liquid chromatograph technique, which keeps THCA intact. This technique uses the conversion: [Total delta-9 THC = (0.877

x THCA) + delta-9 THC]. This test calculates the potential total delta-9 THC in a sample.]

§300.102. Applicability of Other Rules and Regulations.

Hemp manufacturers, processors, distributors, and retailers must comply with all relevant laws and rules applicable to the manufacture, processing, distribution and sale of consumable products, including:

(1) Chapter 217, Subchapter C of this title (relating to Rules for the Manufacture of Frozen Desserts);

(2) Chapter 229, Subchapter D of this title (relating to Regulation of Cosmetics);

(3) Chapter 229, Subchapter F of this title (relating to Production, Processing, and Distribution of Bottled and Vended Drinking Water);

(4) Chapter 229, Subchapter G of this title (relating to Manufacture, Storage, and Distribution of Ice Sold for Human Consumption, Including Ice Produced at Point of Use);

(5) Chapter 229, Subchapter L of this title (relating to Licensure of Food Manufacturers, Food Wholesalers, and Warehouse Operators);

(6) Chapter 229, Subchapter N of this title (relating to Current Good Manufacturing Practice and Good Warehousing Practice In Manufacturing, Packing, Or Holding Human Food);

(7) Chapter 229, Subchapter O of this title (relating to Licensing of Wholesale Distributors of Nonprescription Drugs--Including Good Manufacturing Practices;

(8) ~~[(7)]~~ Chapter 229, Subchapter W of this title (relating to Licensing of Wholesale Distributors of Prescription Drugs--Including Good Manufacturing Practices);

(9) ~~[(8)]~~ Chapter 229, Subchapter X of this title (relating to Licensing of Device Distributors and Manufacturers); and

(10) ~~[(9)]~~ Chapter 229, Subchapter GG of this title (relating to Sanitary Transportation of Human Foods).

§300.103. Inspections.

(a) Authorized employees of the department, after showing proper [may, upon presenting appropriate] credentials to the owner, operator, or person in charge, may:

(1) enter [at reasonable times] the premises at reasonable times, conduct inspections, collect samples, and take photographs to determine compliance with this chapter and Texas Health and Safety Code~~;~~ Chapters 431 and 443;

(2) enter a vehicle being used to transport or hold a [the] consumable hemp product in commerce; or

(3) inspect at reasonable times, within reasonable limits, and in a reasonable manner, the facility or vehicle and all equipment, finished and unfinished materials, containers, and labeling of any item and obtain samples necessary for the enforcement of this chapter.

(b) The inspection of a facility where consumable hemp products are manufactured, processed, distributed, packed, repackaged, sold, or held [or sold], for introduction into commerce must undergo inspection to determine [shall be for the purpose of determining] if the consumable hemp product is:

(1) adulterated or misbranded; or

(2) [otherwise] manufactured, processed, held, distributed, packed, or sold in violation of this chapter or Texas Health and Safety Code~~;~~ Chapters 431 and 443.

(c) An inspection of a facility where ~~[in which]~~ a prescription drug or restricted device is being manufactured, processed, packed, or held for introduction into commerce under subsection (b) of this section must ~~[shall]~~ not extend to:

- (1) financial data;
- (2) sales data other than shipment data;
- (3) pricing data;
- (4) personnel data other than data relating to the qualifications of technical and professional personnel performing functions under this chapter; or
- (5) research data other than data:
 - (A) relating to new consumable hemp products; and
 - (B) subject to reporting and inspection ~~[under regulations issued]~~ under 21 United States Code (U.S.C) §11 or 21 U.S.C. §355 or 21 U.S.C. §360(j) or §360(i) ~~[\$505(i) or (j), §519, or §520(g) of the Federal Act].~~

(d) ~~The inspector must start and complete the~~ ~~[An]~~ inspection under subsection (b) of this section ~~[shall be started and completed]~~ with reasonable promptness.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Cynthia Hernandez
General Counsel
Department of State Health Services
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SUBCHAPTER B. MANUFACTURE, PROCESSING, AND DISTRIBUTION OF CONSUMABLE HEMP PRODUCTS

25 TAC §§300.201 - 300.208

STATUTORY AUTHORITY

The amendments and new sections are authorized by Texas Health and Safety Code §1001.075, which authorizes the executive commissioner of HHSC to adopt rules for the operation and provision of health and human services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001; Texas Health and Safety Code §12.001, stating that the executive commissioner of HHSC has general supervision and control over all matters relating to the health of Texas citizens; Texas Health and Safety Code Chapter 431 and §443.051, stating that the executive commissioner of HHSC shall adopt rules governing the provision of CHPs by license and registration holders; Texas Government Code §524.0151 and §524.0005; and Texas Health and Safety Code §12.001.

The amendments and new sections implement Texas Government Code §524.0151, Texas Government Code §524.0005, Texas Health and Safety Code §1001.075, Texas Health and

Safety Code §12.001, and Texas Health and Safety Code Chapters 431 and 443.

§300.201. *Application for License or Renewal.*

(a) A person must hold a consumable hemp products license issued by the department before engaging in the manufacture, processing, or distribution of consumable hemp products.

(b) A person must ~~[shall]~~ apply for a consumable hemp products license ~~[under this subchapter]~~ by submitting an application to the department ~~[in the manner prescribed by the department]~~ for each location engaged in the manufacture, processing, or distribution of consumable hemp products. The application must include ~~[be accompanied by]~~:

(1) a legal description of each location, including ~~[to include]~~ the global positioning system coordinates for the perimeter of each location:

(A) where the applicant intends to manufacture or process consumable hemp products; and

(B) where the applicant intends to store consumable hemp products ~~[to include the global positioning system coordinates for the perimeter of each location]~~;

(2) written consent from the applicant or ~~[the]~~ property owner, if the applicant is not the property owner, for the department, the Department of Public Safety, Texas Alcoholic Beverage Commission, and any other state or local law enforcement agencies ~~[agency,]~~ to enter all premises where consumable hemp is manufactured, processed, or delivered for ~~[, to conduct a]~~ physical inspection or to ensure compliance with this chapter; and

(3) a fingerprint-based criminal background check from each applicant at the applicant's expense.

(c) If the applicant or person has been convicted of a felony relating to a controlled substance under federal law or the law of any state within 10 ~~[ten]~~ years before the date of application, the department must ~~[shall]~~ not issue a consumable hemp products license under this subchapter.

(d) If the department receives information that a license holder ~~[under this subchapter]~~ has been convicted of a felony relating to a controlled substance under federal law or the law of any state within 10 ~~[ten]~~ years before the license was issued ~~[issue date of the license]~~, the department must ~~[shall]~~ revoke the consumable hemp products license.

(e) A person holding ~~[who holds]~~ a consumable hemp products license under this subchapter must ~~[shall]~~ undergo a fingerprint-based criminal background check at the person's ~~[his]~~ own expense.

(f) Applications must contain the following information:

- (1) the name of the license applicant;
- (2) the business name, if different from the applicant's name, and any other names under which the firm does business, if applicable ~~[than applicant name]~~;
- (3) the mailing address of the business;
- (4) the street address of the facility;
- (5) the primary business contact telephone number;
- (6) the personal email address of the applicant; and
- (7) the email address of the business, if different than the applicant's email address.

(g) If a person owns or operates two or more facilities, each facility must have a separate license with its own application form,

[shall be licensed separately by] listing the name and address of each facility [on separate application forms].

(h) Applicants must submit an application for a consumable hemp products license request under this subchapter electronically through www.Texas.gov. The department is authorized to collect fees~~;~~ ~~in amounts determined by the Texas Online Authority;~~ to recover costs associated with application and renewal application processing through www.Texas.gov.

(i) All fees required by the department must be submitted with the application.

(j) Applicants must provide any additional [submit any other] information required by the department, as specified on the [evidenced and provided upon] application forms.

(k) The facility must display the [A] consumable hemp products license issued by the department [should be displayed] in an obvious and conspicuous public location [within the facility to which the license applies].

§300.202. License Term and Fees.

(a) A consumable hemp product license is valid for one year from the date displayed on the license and must be renewed annually. An expired license is not current or valid. A person must not process hemp or manufacture a consumable hemp product without a valid license.

(b) The department must [shall] issue and renew a license if the license holder:

(1) is eligible to obtain a license under §300.201 of this subchapter (relating to Application for License or Renewal);

(2) submits a license fee to the department;

(3) does not owe outstanding fees to the department;

(4) possesses testing results of consumable hemp products before [their] manufacture, distribution, or sale into commerce, and provides those testing results upon department request; [and]

(5) has not been convicted of a felony relating to a controlled substance under federal law or the law of any state in the 10 [ten] years before the date of renewal of the license;~~;~~

(6) submits a complete application; and

(7) has not had a consumable hemp products license revoked for sale to a minor in the preceding five years from the date on which an application is submitted to the department.

(c) Fees.

(1) Before the manufacture, processing, or distribution of consumable hemp products, a license holder must pay a fee of \$25,000 [~~\$250~~] per facility. License renewal fees are \$25,000 per facility.

(2) For each facility, a license holder must pay:

(A) a \$25,000 [~~\$250.00~~] fee for an amendment to a new license due to a change of ownership of the licensed facility; or

(B) a \$125.00 fee for any amendment during the license period due to minor changes, such as change of location, change of name, or change of address.

(3) Fees are not prorated.

(4) A person who files a renewal application after the expiration date of the current license must pay an additional delinquency fee of \$1,000 [~~\$100~~].

(d) An application for an amendment of a consumable hemp product license is complete when the department has received, reviewed, and found acceptable the application information and fee required by [the] subsection (c) of this section.

(e) An initial and renewal application for a consumable hemp product license must be processed in [accordance with] the following time periods:

(1) the first time period of 45 calendar [business] days begins on the date the department receives a completed application. If the department receives an incomplete application [is received], the period ends on the date the department issues [facility is issued] a written notice that the application is incomplete. The department must issue the written notice [shall be issued] within 60 calendar [45 business] days after receiving [receipt of] the incomplete application and describe the specific information or fee [that is] required before the application is considered complete;

(2) the second time period of 45 calendar [business] days begins on the date the department receives a completed application and ends on the date the department issues the license [is issued] or issues [the facility is issued] a written notice that the application is being proposed for denial; and

(3) the third time period of 135 calendar days begins on the date [if the applicant fails to submit the requested information or fee within 135 calendar days after the date] the department issues [issued] the written notice to the applicant as described in paragraph (1) of this subsection. If the applicant fails to submit the requested information or fee within this period, the department considers~~;~~ the application [is considered] withdrawn.

(f) Reimbursement of fees:

(1) in the event the application is not processed within the time periods stated in subsection (e) [~~(e)~~] of this section, the applicant has the right to make a written request within 30 business days after the end of the second time period that the department shall reimburse in full the fee paid in that application process; and

(2) if the department finds that good cause does not exist for exceeding the established periods, the request shall be denied, and the department shall notify the applicant in writing of the denial of the reimbursement within 30 business days after the department's decision.

§300.203. Access to Records.

(a) A person who is required to maintain records under this chapter or 21 United States Code (U.S.C.) §360(i) or §360(j) [~~§519 or §520(g) of the Federal Act~~] must maintain records on site for immediate inspection. Upon [; and at the] request by [of] the department, the person must provide access to records for review or copying to verify that consumable hemp products are being produced in accordance with United States Department of Agriculture under 7 U.S.C. [United States Code (U.S.C.)] Chapter 38, Subchapter VII, or Texas Agriculture Code~~;~~ Chapter 121.

(b) A person regulated [licensed] under Texas Agriculture Code~~;~~ Chapter 122 must provide the department with test results of hemp or hemp products upon request. These results must show that the total delta-9 tetrahydrocannabinol content on a dry weight basis, when reported with the accredited laboratory's measure of uncertainty, has a range that includes a result of 0.3% or less.~~;~~ shall make available to the department upon request the results of tests conducted on samples of hemp or hemp products as evidence that the delta-9 tetrahydrocannabinol content concentration level on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of

0.3 percent or less delta-9 tetrahydrocannabinol concentration of the hemp or hemp products does not exceed 0.3 percent.]

(c) Records described in this chapter [subsection (b) of this section] must be maintained for a period of no less than three years after the date the records are created.

(d) A person licensed under this chapter must maintain the following records, as applicable:

(1) COA of raw hemp and hemp ingredients in accordance with §300.301(b)(1) - (3) and §300.301(c) of this chapter;

(2) COA of finished hemp products by batch number;

(3) source of ingredients, including:

(A) receiving records with address and contact information from suppliers, distributors, warehouses, or any person engaged in the business of making a consumer product directly or indirectly; or

(B) licensing documentation from the supplier's respective hemp or food regulating authority;

(4) batch production records;

(5) recalled product information;

(6) consumer complaints;

(7) other records required by the department, including corrective action logs, destruction logs, equipment calibration records, or other accurate reproductions of the original records, or electronic records; and

(8) master production records.

(e) Records must contain actual values and observations. Records must be accurate, permanent, legible, and created concurrently with performance of the activity documented. Records can be electronic. Records must be detailed enough to provide a history of work performed, and include:

(1) the name and, when necessary, the location of the plant or facility;

(2) the date and time of the documented activity, when appropriate;

(3) the signature or initials of the person performing the activity; and

(4) the identity of the product and the batch number.

§300.204. Master Production Records.

(a) To ensure uniformity from batch to batch, one person must prepare, date, and sign with full handwritten signature, the master production records for each consumable hemp product, including batch size. A second person must independently check, date, and sign these records. The preparation of master production and control records must be described in a written procedure that the firm must follow.

(b) Master production records must include:

(1) the name and weight or measure of each ingredient;

(2) a complete list of ingredients;

(3) a statement of any calculated excess of a by-product;

(4) an accurate statement of the weight or measure of each ingredient; and

(5) complete manufacturing instructions and specifications.

§300.205. Batch Production Records.

Batch production records must be prepared for each batch of consumable hemp product produced and must include complete information regarding each batch. These records must include, if applicable:

(1) the appropriate master product record, checked for accuracy, dated, and signed; and

(2) documentation that each step in the manufacture, processing, packaging, or holding of the batch was accomplished, including:

(A) dates;

(B) identity of individual major equipment and lines used;

(C) weight and measure of ingredients;

(D) in-process results;

(E) laboratory control results, if applicable;

(F) inspection of the packaging and labeling area before and after use;

(G) statement of the actual yield;

(H) complete labeling records, including copies of all labeling used;

(I) any sampling performed;

(J) any investigation conducted;

(K) any destruction of tetrahydrocannabinol; and

(L) any rework conducted.

§300.206. Raw Materials and Ingredients.

(a) All raw materials and ingredients must come from approved sources.

(b) All raw materials and ingredients must be clearly identified to allow for appropriate traceability. Identification includes:

(1) name of raw material or ingredient;

(2) batch or lot number from original package;

(3) date the ingredient was manufactured;

(4) date the ingredient was received at the facility;

(5) expiration, re-test, or use-by date; and

(6) total delta-9 THC content concentration level on a dry weight basis.

(c) Substances containing total delta-9 THC levels above the acceptable hemp THC level may not be transported into Texas for further processing within Texas.

§300.207. Recalls.

Consumable hemp facilities must establish a written recall plan. This plan must include procedures that describe the steps and assign responsibility for carrying out the following actions, as appropriate to the facility:

(1) directly notify the direct consignees of the hemp product, including how to return or dispose of the affected product;

(2) notify the public about any hazards presented by the product when appropriate to protect public health;

(3) conduct effectiveness checks to verify that the recall is carried out; and

(4) dispose of recalled product appropriately by reprocessing, reworking, diverting to a safe use, or destroying the product.

§300.208. Complaint Files.

(a) Each manufacturer must maintain complaint files relating to product safety. Each manufacturer must establish and maintain procedures for receiving, reviewing, and evaluating complaints. The procedures must ensure that:

(1) all complaints are processed in a uniform and timely manner;

(2) oral complaints are documented upon receipt; and

(3) complaints are evaluated to determine whether the complaint represents an event that must be reported to the FDA and the department.

(b) Each manufacturer must review and evaluate all complaints to determine whether an investigation is necessary. All safety-related complaints must be investigated. If no investigation is made, the manufacturer must maintain a record that includes the reason for not investigating and the name of the individual responsible for the decision.

(c) Any complaint about labeling or packaging not meeting specifications must be reviewed, evaluated, and investigated, unless a similar complaint has already been investigated and another investigation is not needed.

(d) The record of the investigation must include:

(1) the name of the product;

(2) the date the complaint was received;

(3) the batch number and batch date of product used;

(4) the name, address, and phone number of the complainant;

(5) the nature and details of the complaint;

(6) the dates and results of the investigation;

(7) any corrective action taken; and

(8) any reply to the complainant.

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SUBCHAPTER C. TESTING OF CONSUMABLE HEMP PRODUCTS

25 TAC §§300.301 - 300.303

STATUTORY AUTHORITY

The amendments are authorized by Texas Health and Safety Code §1001.075, which authorizes the executive commissioner of HHSC to adopt rules for the operation and provision of health and human services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001; Texas Health and Safety Code §12.001, stating that the executive commissioner of HHSC has general supervision and control over all matters relating to the health of Texas citizens; Texas Health and Safety Code Chapter 431 and §443.051, stating that the executive commissioner of HHSC shall adopt rules governing the provision of CHPs by license and registration holders; Texas Government Code §524.0151 and §524.0005; and Texas Health and Safety Code §12.001.

The amendments implement Texas Government Code §524.0151, Texas Government Code §524.0005, Texas Health and Safety Code §1001.075, Texas Health and Safety Code §12.001, and Texas Health and Safety Code Chapters 431 and 443.

§300.301. Testing Required.

(a) Before a hemp plant is processed or otherwise used in the [All hemp or hemp derivatives used in the] manufacture of a consumable hemp product, a representative sample must be tested [as appropriate for the product and process by an accredited laboratory] to determine:

(1) the [presence and] concentration and identity of the cannabinoids, including all acids in the plant;

(2) the presence and quantity of heavy metals, pesticides, microbial contamination, and other substances prescribed by the department; [and concentration of THC; and]

(3) the presence and concentration of d-9 THC, total d-9 THC, and total THC; and [or quantity of residual solvents, heavy metals, pesticides, and harmful pathogens.];

(4) a total delta-9 tetrahydrocannabinol concentration of 0.3% or less on a dry weight basis.

(b) Before a consumable hemp product, including hemp-derived ingredients used for further processing into another consumable hemp product, is sold at retail, distributed, or otherwise introduced into commerce in this state, a representative sample must be tested to determine:

(1) the presence, concentration, and identity of cannabinoids;

(2) the presence and concentration of d-9 THC, total d-9 THC, and total THC;

(3) the presence and quantity of residual solvents, heavy metals, pesticides, and harmful pathogens; and

(4) the total delta-9 tetrahydrocannabinol concentration is 0.3% or less on a dry weight basis.

(c) [(b)] A COA [Certificate of Analysis] documenting tests conducted under this subchapter must [shall]:

(1) be made available to the department upon request in an electronic format before manufacture, processing, or distribution into commerce; and

(2) include measurement of uncertainty analysis parameters.

(d) The COA must contain, at a minimum, the following information:

- dress;
- (1) laboratory name, address, and contact information;
 - (2) hemp cultivator or hemp manufacturer's name and address;
 - (3) sampler identification;
 - (4) sample identifying information, including matrix type;
 - (5) lot identification number of sample;
 - (6) sample received date and the dates of sample analyses and corresponding testing results;
 - (7) units of measure;
 - (8) analytical methods, analytical instrumentation used, and corresponding limits of detection (LOD) and limits of quantitation (LOQ);
 - (9) expiration date;
 - (10) QR code on the COA verifying the authenticity of testing conducted at an accredited laboratory;
 - (11) measurement of uncertainty analysis parameters; and
 - (12) results of all requested analyses performed for the sample, including percentage of delta-9 THC, total delta-9 THC, and total THC per container.

(e) It is a violation if a person, with the intent to deceive, forges, falsifies, or alters the results of a laboratory test authorized or required by this chapter. Consumable hemp products found in violation of this subsection must be retested and are subject to detention or embargo under Texas Health and Safety Code §431.048.

(f) Expired COAs are not valid. Consumable hemp products with expired COAs must be retested and are subject to detention or embargo under Texas Health and Safety Code §431.048.

§300.302. Sample Analysis of Consumable Hemp Products [and Certain Cannabinoid Oils].

(a) This section does not apply to low-THC cannabis regulated under Texas Health and Safety Code[.] Chapter 487.

(b) Regardless of [Notwithstanding] any other law, a person must [shall] not sell, offer for sale, possess, distribute, or transport a consumable hemp product in this state[, including CBD oil,] if the consumable hemp product contains any material extracted or derived from the plant Cannabis sativa L., other than from hemp produced in compliance with 7 United States Code (U.S.C.) Chapter 38, Subchapter VII, and [unless]:

- (1) a representative sample of the consumable hemp product [oil] has been tested by an accredited laboratory and found to have a total delta-9 THC [tetrahydrocannabinol content] concentration of 0.3% or less [level] on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3% [0.3 percent] or less; and
- (2) testing results are provided to the department upon request.
- (c) The department must [shall] conduct random testing of consumable hemp products at various retail and other facilities that sell or distribute products to ensure the products:
 - (1) do not contain harmful ingredients;
 - (2) are produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII; and
 - (3) have a total delta-9 THC [tetrahydrocannabinol] content concentration level on a dry weight basis, that, when reported with

the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3% [0.3 percent] or less.

(d) Upon request by the department, the manufacturer, processor, distributor, or retailer of consumable hemp products must [shall] provide representative raw or finished consumable hemp product samples to the department. These samples must be provided at the licensee's or registrant's expense.

~~[(e) Representative raw or finished consumable hemp product samples shall be provided to the department at owner, license holder, or registrant expense.]~~

§300.303. Provisions Related to Testing.

(a) A consumable hemp product that exceeds the acceptable hemp THC level or is adulterated in a manner harmful to human consumption must [shall] not be sold at retail or otherwise introduced into commerce in this state.

(b) A hemp manufacturer, processor, or distributor must [shall] provide the results of testing required by §300.301 of this subchapter (relating to Testing Required) to the department upon request.

(c) The registrant and manufacturer must [shall] provide the testing results required under §300.301 of this subchapter to a consumer or the department upon request.

(d) A license holder must [shall] not use an independent testing accredited laboratory unless the license holder [has]:

- (1) has no ownership interest in the accredited laboratory; or
- (2) holds 10 [less than a ten] percent or less ownership interest in the accredited laboratory if the accredited laboratory is a publicly traded [publicly-traded] company.

(e) A license holder or registrant must pay the costs of raw and finished hemp product testing in an amount prescribed by the accredited laboratory selected by the license holder.

~~[(f) The department shall recognize and accept the results of a test performed by an accredited laboratory, including at an institution of higher education.]~~

(f) ~~[(g)]~~ The department may require that a copy of the test results be sent directly to the department and the license holder.

~~[(h) The department shall notify the license holder of the results of the test not later than the 14th day after the date testing results are made available to the department.]~~

(g) ~~[(i)]~~ A license holder must [shall] retain results from samples for at least [a period of no less than] three years from the date that testing results are made available to the license holder.

(h) ~~[(j)]~~ A manufacturer or processor of consumable hemp products must [shall] conduct sampling and testing using acceptance criteria determined by the department [that are protective of public health].

~~[(k) A consumable hemp product is not required to be tested under §300.301 of this subchapter if each hemp-derived ingredient of the product:]~~

- ~~[(1) has been tested;]~~
- ~~[(2) includes the results that are available upon request from the department before distribution or sale; and]~~
- ~~[(3) contains an acceptable hemp THC level.]~~

(i)(4) The licensee or registrant must ensure all products are tested for the most current list of analytes maintained by the department. [department may utilize Table 1 to test raw or finished consumable hemp products as appropriate for the product and the process:] [Figure: 25 TAC §300.303(4)]

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SUBCHAPTER D. RETAIL SALE OF CONSUMABLE HEMP PRODUCTS

25 TAC §§300.402 - 300.407

STATUTORY AUTHORITY

The amendments and new sections are authorized by Texas Health and Safety Code §1001.075, which authorizes the executive commissioner of HHSC to adopt rules for the operation and provision of health and human services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001; Texas Health and Safety Code §12.001, stating that the executive commissioner of HHSC has general supervision and control over all matters relating to the health of Texas citizens; Texas Health and Safety Code Chapter 431 and §443.051, stating that the executive commissioner of HHSC shall adopt rules governing the provision of CHPs by licensee and registration holders; Texas Government Code §524.0151 and §524.0005; and Texas Health and Safety Code §12.001.

The amendments and new sections implement Texas Government Code §524.0151, Texas Government Code §524.0005, Texas Health and Safety Code §1001.075, Texas Health and Safety Code §12.001, and Texas Health and Safety Code Chapters 431 and 443.

§300.402. *Packaging and Labeling Requirements.*

(a) All consumable hemp products marketed as containing ~~more than trace amounts of~~ cannabinoids must, in addition to the requirements of §300.102 of this chapter (relating to Applicability of Other Rules and Regulations), be labeled in the manner provided by this section with the following information:

- (1) ~~batch [lot]~~ number;
- (2) ~~batch [lot]~~ date;
- (3) product name;
- (4) ~~[the]~~ name of the product's manufacturer;
- (5) telephone number and email address of manufacturer;

[and]

(6) a uniform resource locator (URL) that provides or links to a COA for the product or each hemp-derived ingredient of the product, including the amount of cannabinoid in each serving or unit of the

product, the amount of total THC, and total delta-9 THC. The URL must: [a Certificate of Analysis that the delta-9 tetrahydrocannabinol content concentration level on a dry weight basis, that, when reported with the accredited laboratory's measurement of uncertainty, produces a distribution or range that includes a result of 0.3 percent or less.]

(A) be conspicuously marked; and

(B) directly link to a webpage where the required COA may be found in three or fewer steps; and

(7) recommended serving size in milligrams and servings per container.

(b) Labels must include the following specific warnings:

(1) keep out of reach of children;

(2) product may contain tetrahydrocannabinol (THC) and can cause a user to fail a drug test;

(3) all THC's have psychoactive properties that may produce an effect similar to or greater than the effect of marijuana, a controlled substance;

(4) pregnant or nursing women should consult a healthcare provider before use; and

(5) this product has not been evaluated by the FDA.

(c) ~~[(b)]~~ The label required by this section must appear on the outer packaging of each product intended for individual retail sale.

~~[(e)]~~ The label required by this section may be in the form of:

~~[(1)]~~ a uniform resource locator (URL) for the manufacturer's Internet website that provides or links to the information required by this section; and

~~[(2)]~~ a QR code or other bar code that may be scanned and that leads to the information required on the label.]

§300.403. *Retail Sale of Out-Of-State Consumable Hemp Products.*

A person [registrant] selling consumable hemp products processed or manufactured outside of Texas [this state] must, upon request, submit to the department evidence that the products were processed or manufactured in another state or a foreign jurisdiction in compliance with:

(1) a state or tribal or jurisdiction's plan approved by the United States Department of Agriculture under 7 United States Code (U.S.C.) §1639p;

(2) a plan established under 7 U.S.C. §1639q if that plan applies to the state or jurisdiction; or

(3) the laws of a foreign jurisdiction if the products are tested in accordance with §300.301 of this chapter (relating to Testing Required) and comply with federal regulations.

§300.404. *Transportation and Exportation of Consumable Hemp Products Out of State.*

Consumable hemp products may be legally transported across state lines and exported to foreign jurisdictions in a manner [that is] consistent with federal law and the laws of respective foreign jurisdictions. Substances containing total delta-9 THC levels above the acceptable hemp THC level may not be transported into Texas for further processing within Texas.

§300.405. *Packaging Requirements.*

(a) Before selling or distributing a consumable hemp product, the product must be prepackaged or, at the time of sale, placed in packaging or a container that is:

- (1) tamper-evident;

(2) child resistant; and

(3) resealable, if the product contains multiple servings or includes multiple products purchased in one transaction, while keeping the child-resistant mechanism to remain intact.

(b) It is prohibited to market, advertise, sell, or cause to be sold an edible consumable hemp product containing a hemp-derived cannabinoid that:

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

(2) is in packaging or a container that:

(A) is in the shape of a human, animal, or cartoon or in another shape that is attractive to children;

(B) depicts an image of a human, animal, or cartoon or another image that is attractive to children;

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

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

(E) includes an image of a celebrity.

(c) In this section, a cartoon includes a depiction of an object, person, animal, creature, or any similar caricature that:

(1) uses comically exaggerated features and attributes;

(2) assigns human characteristics to animals, plants, or other objects; or

(3) has unnatural or extra-human abilities, such as impermeability to pain or injury, x-ray vision, tunneling at very high speeds, or transformation.

§300.406. Packaging and Labeling Control.

(a) There must be clear written procedures describing in sufficient detail the process for receipt, identification, storage, handling, and examination of labeling and packaging materials.

(b) Labeling and packaging materials must be examined upon receipt and before use in packaging or labeling of a consumable hemp product. All labels and packaging material meeting appropriate written criteria must be approved by a qualified individual as defined in 25 TAC §229.211(54) (relating to Definitions), and released for use. Any labeling or packaging materials that do not meet such criteria must be rejected to prevent use in unsuitable operations.

(c) Records must be maintained for each shipment received of each different labeling and packaging material indicating receipt, examination, and whether accepted or rejected.

(d) Obsolete or rejected labeling and other packaging must be destroyed.

(e) Labeling materials issued for a batch must be carefully examined for identity and conformity to the labeling specified in the master production records.

(f) Labeling not currently being applied must be stored in a manner to prevent mix-ups with active labeling and ensure appropriate use.

§300.407. Misleading Consumable Hemp Packaging.

A person must not sell or offer for sale a consumable hemp product that contains or is marketed as containing hemp-derived cannabinoids in a package that depicts any statement, artwork, or design that would likely mislead a person to believe:

(1) the package does not contain a hemp-derived cannabinoid; or

(2) the product is intended for medical use.

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SUBCHAPTER E. REGISTRATION FOR RETAILERS OF CONSUMABLE HEMP PRODUCTS

25 TAC §300.501, §300.502

STATUTORY AUTHORITY

The amendments are authorized by Texas Health and Safety Code §1001.075, which authorizes the executive commissioner of HHSC to adopt rules for the operation and provision of health and human services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001; Texas Health and Safety Code §12.001, stating that the executive commissioner of HHSC has general supervision and control over all matters relating to the health of Texas citizens; Texas Health and Safety Code Chapter 431 and §443.051, stating that the executive commissioner of HHSC shall adopt rules governing the provision of CHPs by license and registration holders; Texas Government Code §524.0151 and §524.0005; and Texas Health and Safety Code §12.001.

The amendments implement Texas Government Code §524.0151, Texas Government Code §524.0005, Texas Health and Safety Code §1001.075, Texas Health and Safety Code §12.001, and Texas Health and Safety Code Chapters 431 and 443.

§300.501. Registration Required for Retailers of Certain Products.

(a) This section does not apply to:

(1) low-THC cannabis regulated under Texas Health and Safety Code[;] Chapter 487; or

(2) products approved by the FDA, or recognized by the FDA under 21 Code of Federal Regulations [CFR] Part 182, Substances Generally Recognized as Safe (GRAS).

(b) A person must ~~shall~~ not sell consumable hemp products ~~[containing CBD]~~ at retail in Texas ~~[this state]~~ unless the person registers ~~[with the department]~~ each location ~~with the department~~. This includes any location owned, operated, or controlled by the person where consumable hemp ~~[at which those]~~ products are sold.

(c) A person is not required to register with the department under subsection (b) of this section if the person is:

(1) an employee of a registrant; or

(2) an independent contractor of a registrant who sells the registrant's products at retail.

§300.502. *Application.*

(a) A person must [shall] register under this subchapter by submitting an application in the manner prescribed by the department.

(b) The owner, operator, or owner designee [Applications] must submit an application that contains [be submitted by the owner, operator, or owner designee and shall contain] the following information:

- (1) the name under which the business is operated;
- (2) the mailing address of the facility;
- (3) the street address of each location;
- (4) the primary business contact telephone number;
- (5) the phone number for each location; [and]
- (6) the primary business email address; and[-].

(7) the written consent from the applicant or property owner, if the applicant is not the property owner, for the department, Department of Public Safety, Texas Alcoholic Beverage Commission, and other state or local law enforcement agencies to enter all premises where consumable hemp is manufactured, processed, or delivered for physical inspection or to ensure compliance with this chapter.

(c) A registration is valid for one year and may be renewed annually, provided the registrant remains in good standing. An expired registration is not current or valid. A person must not sell at retail or offer for sale at retail a consumable hemp product without a current and valid registration.

(d) Proof of registration from the department must be prominently displayed in a conspicuous location visible to the public.

(e) Applicants must submit an application for registration [request] electronically through www.Texas.gov.

~~[(f) The department shall collect fees, in amounts determined by the Texas Online Authority, to recover costs associated with application and renewal application processing through www.Texas.gov.]~~

~~(f) [(g)] All fees required by the department must be submitted with the application.~~

(1) A retail hemp registration or renewal fee of \$20,000 [~~\$150.00~~] for each location is required before the sale of consumable hemp product.

(2) A person who holds a registration issued by the department under Texas Health and Safety Code[;] Chapter 443 must [~~shall~~] renew the registration by filing an application for renewal on a form authorized by the department with [~~accompanied by~~] the appropriate registration fee. A registrant must file for renewal before the expiration date of the current registration. A person who files a renewal application after the expiration date must pay an additional \$1,000 [~~\$100~~] delinquency fee.

(3) Fees are non-refundable.

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SUBCHAPTER F. ENFORCEMENT

25 TAC §§300.601 - 300.606

STATUTORY AUTHORITY

The amendments are authorized by Texas Health and Safety Code §1001.075, which authorizes the executive commissioner of HHSC to adopt rules for the operation and provision of health and human services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001; Texas Health and Safety Code §12.001, stating that the executive commissioner of HHSC has general supervision and control over all matters relating to the health of Texas citizens; Texas Health and Safety Code Chapter 431 and §443.051, stating that the executive commissioner of HHSC shall adopt rules governing the provision of CHPs by license and registration holders; Texas Government Code §524.0151 and §524.0005; and Texas Health and Safety Code §12.001.

The amendments implement Texas Government Code §524.0151, Texas Government Code §524.0005, Texas Health and Safety Code §1001.075, Texas Health and Safety Code §12.001, and Texas Health and Safety Code Chapters 431 and 443.

§300.601. *Violation of Department License or Registration Requirement.*

(a) A person commits a violation if the person manufactures, processes, distributes, [or] sells, or otherwise introduces a consumable hemp product into commerce without a license or registration required by the department under:

(1) §300.201 of this chapter (relating to Application for License or Renewal) for the manufacture, processing, or distributing of consumable hemp products; or

(2) §300.502 of this chapter (relating to Application) for the retail sale of consumable hemp products.

(b) Each day a violation continues or occurs counts as [is] a separate violation when calculating [~~for purposes of imposing~~] an administrative penalty.

§300.602. *Prohibited Acts.*

The following acts, and the causing of the following acts, within Texas [~~this state~~] are unlawful and prohibited:

(1) introducing hemp-derived cannabinoids into commerce [~~the distribution in commerce of a packaged consumable hemp product, if there is affixed to that consumable hemp product a label] that do~~ [~~does~~] not conform to the provisions of this chapter;[~~and~~]

(2) engaging in the packaging or labeling of packaged consumable hemp products if there is affixed to the consumable hemp product a label that does not conform to the provisions of this chapter;[-]

(3) refusing to permit the following:

(A) entry or inspection;

(B) taking of a sample;

(C) access to or copying of any record as authorized by Texas Health and Safety Code §431 and this chapter; or

(D) photography for inspection purposes; and

(4) refusing to permit inspection, which includes impeding the inspection, aggressive behaviors, using foul language, or exhibiting threatening behavior.

§300.603. Detained or Embargoed Article.

The department must attach a tag or other appropriate marking ~~[shall affix]~~ to an article that is a food, drug, device, cosmetic, or consumer commodity ~~[a tag or other appropriate marking]~~ that gives notice that the article is, or is suspected of being, adulterated or misbranded. ~~The department will tag or mark any [and that the article has been] detained or embargoed article if the department finds or has probable cause to believe [that] the article:~~

(1) is adulterated;

(2) is misbranded so that the article is dangerous or fraudulent under this chapter; or

(3) is in violation of Texas Health and Safety Code~~;~~ §431.084, §431.114, or §431.115.

§300.604. Destruction of Article.

(a) The department ~~may [shall]~~ request court-ordered destruction of a sampled, detained, or embargoed consumable hemp product if the ~~department [court]~~ finds the article is misbranded or adulterated.

(b) After entry of the court's order, an authorized agent ~~must [shall]~~ supervise the destruction of the article.

(c) The claimant of the article ~~must [shall]~~ pay the cost of the destruction of the article.

(d) If the article is being destroyed in whole or in part due to ~~[a] THC content that meets the definition of a controlled substance [schedule I drug], the department may refer to the appropriate law enforcement agency. The article must be destroyed per department specifications and documented as such, unless law enforcement communicates an intent to use the article for evidence [by a reverse distributor authorized by the United States Drug Enforcement Agency].~~

§300.605. Correction By Proper Labeling or Processing.

(a) A court may order the delivery of a sampled article or a detained or embargoed article that is adulterated or misbranded to the claimant of the article for labeling or processing under the supervision of the department if:

(1) the decree has been entered in the suit;

(2) the costs, fees, and expenses of the suit have been paid; ~~and~~

(3) the adulteration or misbranding can be corrected by proper labeling or processing~~;~~ ~~and]~~

~~[(4) a good and sufficient bond, conditioned on the correction of the adulteration or misbranding by proper labeling or processing, has been executed.]~~

(b) The claimant ~~must [shall]~~ pay the costs of department supervision.

§300.606. Administrative Penalty.

(a) The department may impose an administrative penalty against a person who ~~[holds a license or is registered under this chapter and who] violates this chapter.~~

(b) The department ~~must [shall]~~ notify a retailer of consumable hemp products of a potential violation ~~[concerning consumable~~

~~hemp products sold by the registrant]~~ and provide the registrant an opportunity to resolve ~~unintentional or negligent [such] violations [made unintentionally or negligently within ten business days] after being notified by the department [notifies the registrant].~~

(c) The department assesses ~~[shall assess]~~ administrative penalties based upon one or more of the following criteria:

(1) the seriousness of the violation, including the nature, circumstances, extent, and gravity of any prohibited acts, and the hazard or potential hazard created to the health, safety, or economic welfare of the public;

(2) the history of previous violations;

(3) the amount necessary to deter future violations;

(4) ~~the~~ efforts to correct the violation; and

(5) any other matter that justice may require in relation to the violation.

(d) If the department determines that a violation has occurred, the department ~~must [shall]~~ issue a notice of violation. The notice ~~must state [that states] the facts on which the determination is based. The notice must include [including] an assessment of the penalty.~~

(e) The notice of violation ~~must [shall]~~ be in writing and be sent to the license holder ~~or registrant~~ by certified mail. The notice must include a summary of the alleged violation and a statement of the amount of the recommended penalty and must inform the person of ~~[that the person has] a right to a hearing on the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty.~~

(f) Within 20 business days after the date the person receives the notice of violation, the person in writing may accept the determination and recommended penalty of the department or may make a written request for a hearing on the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty.

(g) If the person accepts the determination and recommended penalty, the department by order ~~imposes [shall impose]~~ the recommended penalty.

(h) If the person charged with the violation does not respond in writing within 20 business days after the date the person receives the notice of violation, the department ~~determines that a violation occurred and assesses [shall assess] the penalty [after determining that a violation occurred and the amount of penalty]. The department must [shall] issue an order requiring that the person pay the penalty.~~

(i) If the person requests a hearing, the department ~~refers [shall refer] the matter to the State Office of Administrative Hearings.~~

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SUBCHAPTER G. RESTRICTIONS ON SALE TO MINORS

25 TAC §300.701, §300.702

STATUTORY AUTHORITY

The new sections are authorized by Texas Health and Safety Code §1001.075, which authorizes the executive commissioner of HHSC to adopt rules for the operation and provision of health and human services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001; Texas Health and Safety Code §12.001, stating that the executive commissioner of HHSC has general supervision and control over all matters relating to the health of Texas citizens; Texas Health and Safety Code Chapter 431 and §443.051, stating that the executive commissioner of HHSC shall adopt rules governing the provision of CHPs by license and registration holders; Texas Government Code §524.0151 and §524.0005; and Texas Health and Safety Code §12.001.

The new sections implement Texas Government Code §524.0151, Texas Government Code §524.0005, Texas Health and Safety Code §1001.075, Texas Health and Safety Code §12.001, and Texas Health and Safety Code Chapters 431 and 443.

§300.701. Restriction on Sale to Minors.

(a) It is prohibited to deliver, market, advertise, sell, or cause to be sold a consumable hemp product (CHP) containing a hemp-derived cannabinoid to a minor.

(b) A person who sells CHP must verify each purchaser's age by reviewing a valid proof of identification before completing the sale of any CHP.

(c) A valid proof of identification may include a driver's license issued by Texas or another state, a passport, or an identification card issued by a state or the federal government. A valid proof of identification must meet the following criteria:

- (1) include a physical description and a photograph that matches the person's appearance;
- (2) provide the individual's date of birth;
- (3) be issued by a government agency; and
- (4) is not expired.

§300.702. Grounds for Consumable Hemp License or Retail Hemp Registration Revocation.

(a) The department may, after providing an opportunity for a hearing, revoke a consumable hemp license or retail hemp registration after determining the license or registration holder, or an employee, sold, served, or delivered a consumable hemp product to a minor.

(b) An exception to subsection (a) of this section exists where the minor falsely represents to be at least 21 years of age by displaying an apparently valid proof of identification.

(c) The department may impose penalties and pursue additional enforcement actions as provided under Texas Health and Safety Code Chapters 431 and 443.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 15, 2025.

TRD-202504639

Cynthia Hernandez

General Counsel

Department of State Health Services

Earliest possible date of adoption: January 25, 2026

For further information, please call: (512) 719-3521

TITLE 37. PUBLIC SAFETY AND CORRECTIONS

PART 11. TEXAS JUVENILE JUSTICE DEPARTMENT

CHAPTER 341. GENERAL STANDARDS FOR JUVENILE PROBATION DEPARTMENTS

The Texas Juvenile Justice Department (TJJD) proposes to amend 37 TAC, Part 11, §341.202, Policies and Procedures; §341.302, Participation in Community Resources Coordination Groups; and §341.502, Risk and Needs Assessment.

SUMMARY OF CHANGES

As required due to statutory changes, amendments to §341.202 will include: 1) adding a subparagraph titled *Diversion of Juveniles in a General Residential Operation* to the list of topics that departments must address in their policies and procedures and provide information related to including each of those specific topics; 2) removing the subparagraph titled *Deferred Prosecution* related to fees from the list of topics that departments must address in their policies and procedures; 3) providing that, if a probation department uses volunteers or interns, the juvenile board must establish policies that include a requirement to conduct criminal history searches and non-criminal background searches in accordance with 37 TAC, Part 11, Chapter 344 for volunteers and interns who will have direct, unsupervised access to juveniles or direct contact with a juvenile and prohibiting such contact if the person does not meet the requirements in Chapter 344; and 4) adding a subparagraph titled *Training Requirements* to the list of topics that departments must address in their policies and procedures and providing information related to including each of those specific topics. (The topics that must be trained are related to maintaining professional relationships with children and recognizing and reporting suspected physical and sexual abuse.)

As required due to a non-substantive statutory revision, amendments to §341.302 will include modifying a statutory reference related to participation in a community resources coordination group.

As required due to statutory changes, amendments to §341.502 will include adding that, prior to the disposition of a juvenile's case, a probation department must screen the juvenile for risk of commercial sexual exploitation.

FISCAL NOTE

Emily Anderson, Deputy Executive Director: Support Operations and Finance, has determined that, for each year of the first five years the amended sections are in effect, there will be no significant fiscal impact for state government or local governments as a result of enforcing or administering the sections.

PUBLIC BENEFITS/COSTS

Exhibit 26

Memorandum of Understanding
between DSHS and TABC

DSHS MOU NO. HHS001686400001

**MEMORANDUM OF UNDERSTANDING
BETWEEN
DEPARTMENT OF STATE HEALTH SERVICES
AND
TEXAS ALCOHOLIC BEVERAGE COMMISSION**



This Memorandum of Understanding (“MOU”) is entered into by and between the **Texas Department of State Health Services (“DSHS”)**, an agency of the State of Texas, and the **Texas Alcoholic Beverage Commission (“TABC”)**, an agency of State of Texas, (collectively the “Parties”).

I. Background and Purpose of the MOU

DSHS is the state agency charged with regulating the manufacture, distribution, and sale of consumable hemp products in Texas under Texas Health and Safety Code Chapter 443. On September 10, 2025, Governor Greg Abbott issued Executive Order GA-56, relating to protecting children from hemp and hemp-derived products and clarifying regulations pertaining to such products. Executive Order GA-56 directed TABC and DSHS to immediately begin the rulemaking process to protect the public health, safety, and welfare by prohibiting the sale of hemp-derived products to minors and requiring verification of the purchaser’s age prior to completing the sale of any such product, on pain of cancellation of a permit, license, or registration issued by TABC and DSHS.

In accordance with that executive order, TABC and DSHS each adopted emergency rules prohibiting the sale of consumable hemp products to minors and requiring age verification prior to completing the sale or delivery of such products, adopted at 50 TexReg 6577 (emergency rules 16 TAC §§51.1 and 51.2) and 50 TexReg 6745 (emergency amendment to 25 TAC §300.101 and emergency rules §§300.701 and 300.702), respectively. TABC has since proposed similar rules through the regular rulemaking process, and DSHS is expected to follow suit in the future.

Executive Order GA-56 also directed DSHS to coordinate with TABC concerning the enforcement of laws and rules governing hemp-derived products, including the reallocation of responsibilities for compliance checks, enforcement operations, and seizure authority. The purpose of this MOU is to implement the executive order by establishing the roles and responsibilities of DSHS and TABC, consistent with Governor Abbott’s order.

This MOU is intended to be a stop-gap measure while the parties finalize an interagency contract (IAC) under Texas Government Code §771.004(a). The parties intend to establish a basis for computing TABC’s reimbursable costs in the IAC for the covered services TABC provides to DSHS, which will also allow for TABC to recover costs incurred for providing

covered services under this MOU. Costs incurred by TABC under this MOU will not exceed \$49,999.00.

II. Authority

The Parties enter into the MOU under the authority of Texas Government Code § 771.004(d) and Executive Order GA-56.

III. Liaisons and Notices

DSHS and TABC will maintain designated liaisons (“Liaison(s)”) during the entire term of the MOU. DSHS and TABC will communicate in writing any subsequent changes in Liaison personnel. The names and contact information for the initial Liaisons are as follows:

DSHS Liaison

Timothy Stevenson, DVM, PhD, DACVM,
DACVPM-Epidemiology

Deputy Commissioner

512-834-6660

Timothy.stevenson@dshs.texas.gov

TABC Liaison

Mariann Morelock

Director, Strategic Initiatives and
Performance Improvement

512-206-3347

Mariann.morelock@tabc.texas.gov

IV. Legal Notices

Any legal notice by DSHS to TABC required under the MOU will be deemed effective when received by TABC at the address below, or via email to James.Person@tabc.texas.gov.

Texas Alcoholic Beverage Commission

P.O. Box 13127

Austin, TX 78711

Attention: Office of General Counsel

Legal notice given by TABC to DSHS under the MOU will be deemed effective when received by DSHS at the address below, or via email to GeneralCounsel@dshs.texas.gov.

DSHS

1100 West 49th Street, MC 1919

Austin, Texas 78756

Attention: General Counsel

Either Party may change its contact information for legal notice by written notice to the other Party.

V. Roles and Responsibilities of DSHS

DSHS will:

- A. Inspect Consumable Hemp Products (CHP) manufacturers and CHP Retailers to comply with state laws, rules, regulations, and orders.
- B. Refer all CHP Retail Firms to TABC with “age gating” concerns as they arise.
- C. Provide TABC with CHP retailers located within 1,000 feet from a school on a weekly basis.
- D. Provide TABC with new or expired CHP retailers and address changes for CHP retailers on a weekly basis.
- E. Perform all non-compliance inspections in accordance with applicable TAC.
- F. Perform complaint inspections on firms referred to DSHS from TABC for “age gating” concerns.
- G. Report products that do not comply with CHP requirements for tetrahydrocannabinol (THC), known as “hot products,” to the Department of Public Safety (DPS) and include TABC in the notification for awareness.

VI. Roles and Responsibilities of Texas Alcoholic Beverage Commission

TABC will:

- A. Conduct inspections and investigations of CHP retailers, including retailers that are not licensed by TABC, for compliance with DSHS and/or TABC rules prohibiting the sale of CHP to minors and requiring age verification prior to completing the sale of CHP. *See* Emergency Rules at 25 TAC ch. 300 and 16 TAC ch. 51 (subject to modification and/or recodification).
- B. Perform age-gating “Sting” operations at CHP retailers.
- C. Inform DSHS of any suspected violations involving CHP within DSHS’s jurisdiction.
- D. Report any hot products to DPS and DSHS.
- E. Provide a report to DSHS on a weekly basis on inspections and operations conducted by TABC and administrative citations issued during the previous week.
- F. Provide a complete casefile to DSHS in a timely manner. Cases will not be considered referred to DSHS under this MOU until a complete casefile is received by DSHS.
- G. Upon reasonable notice, have original investigator or a qualified alternative agency representative available for witness preparation and hearing attendance before the State Office of Administrative Hearing (SOAH). TABC legal counsel may attend and participate in any witness preparation of a TABC employee. TABC legal counsel may accompany a TABC employee at any time, including during a SOAH hearing. TABC will be responsible for legal costs related to TABC legal counsel participating in witness preparation and attendance at SOAH hearings.
- H. Provide all discovery materials and responses within 20 days from the date DSHS/HHSC made the request for documents or response. TABC will provide, with specificity, any confidentiality or other legal objections to be raised in response to the requested discovery materials. TABC will provide DSHS/HHSC with any responsive documents previously provided to the Petitioner including in an administrative review or in response to an open records request. Where TABC is unable to timely provide all records and information responsive to a discovery request, TABC will immediately notify the assigned HHSC attorney.

- I. Promptly respond to DSHS/HHSC attorney communications, provide representatives to consult on case strategy, and make witnesses available for preparation.
- J. Refer complaints of CHP-related violations involving DSHS licensees and registrants to DSHS.
- K. TABC may engage in any lawful activity that is necessary to properly complete an inspection, investigation, or administrative case authorized under this MOU, including complaint intake and review, pre-investigative location analysis, and evidence gathering.
- L. When TABC inspects or investigates a CHP retailer that has a DSHS license or registration, but not a TABC license, TABC will be acting as an agent of DSHS to inspect on behalf of DSHS. However, TABC shall at all times retain operational control and authority over its agents and employees while they engage in activities authorized under this MOU.
- M. TABC will not seek reimbursement of costs associated with inspecting or investigating retailers with a TABC license. TABC will sufficiently document the services for which it will seek reimbursement and provide such documentation and invoices to DSHS, as provided in the forthcoming IAC.

VII. Term of the MOU

This MOU is effective immediately upon execution by the last Party to sign below and ends August 31, 2028, unless sooner terminated or renewed or extended. The Parties may agree to extend this MOU up to two additional years for a maximum term of five years.

VIII. Termination of MOU

Except as otherwise provided herein, either Party may terminate the MOU at any time without cause upon at least thirty (30) days prior written notice. Additionally, either Party may terminate the MOU, effective immediately, if there has been a material breach of the MOU, and the breaching Party fails to cure the breach within 10 days after the effective date of the notice of breach sent by the aggrieved Party. The “effective date” of any notices referenced in this Section will be consistent with the criteria identified above in Article 4.

IX. Additional Terms and Conditions

- A. Amendments. This MOU may be amended as needed to address changes in statutes, rules, agency policies, or mitigating circumstances by written amendment signed by the Parties.
- B. The agencies will share data using secure data transfer protocols, in alignment with agency, DIR, and state requirements. However, each Party may share CHP-related complaints from the public using an alternative method that is mutually agreeable to both Parties.
- C. Texas Public Information Act. Information, documentation, and other material related to this MOU may be subject to public disclosure pursuant to Chapter 552 of the Texas Government Code (also known as the “Public Information Act” or “PIA”) and any Attorney General Opinions issued under that statute. Information shared between the Parties under this MOU is subject to the Interagency Transfer Doctrine and is not considered a release to the public under the PIA. Nor does the sharing of information impact the confidential nature of any such information. See Tex. Att’y Gen. Op. Nos.

JM-590 (1986), H-917 (1976), H-242 (1974); Tex. Att’y Gen. ORD Nos. 655 (1997), 567 (1990), 561 (1990), 516 (1989).

- D. Sovereign Immunity. Nothing in the MOU shall be construed as a waiver of the Parties’ or the State’s sovereign immunity. This MOU shall not constitute or be construed as a waiver of any of the privileges, rights, defenses, remedies, or immunities available to the Parties or the State of Texas. The failure to enforce, or any delay in the enforcement of, any privileges, rights, defenses, remedies, or immunities available to the Parties or the State of Texas under the MOU or under applicable law shall not constitute a waiver of such privileges, rights, defenses, remedies, or immunities or be considered as a basis for estoppel. Parties do not waive any privileges, rights, defenses, or immunities available by entering into the MOU or by its conduct prior to or subsequent to entering into the MOU.
 - E. No Debt Against the State. This MOU will not be construed as creating any debt by or on behalf of the State of Texas.
 - F. Governing Law and Venue. The Parties agree that this MOU in all respects shall be governed by and construed in accordance with the laws of the state of Texas, without regard to the conflicts of law provisions. The venue of any suit arising under this agreement is fixed in any court of competent jurisdiction in Travis County, Texas, unless mandated otherwise by statute.
 - G. Dispute Resolution. The Parties to this MOU shall attempt in good faith to negotiate any controversy or dispute arising out of or relating to this MOU.
 - H. Assignments. No assignment of this MOU or of any right accruing hereunder shall be made, in whole or part, by either Party without the prior written consent of the other, unless authorized by law. However, assignment to a successor-in-interest in each Party shall be automatic.
 - I. No Implied Waiver of Provisions. The failure of the Parties to object to or to take affirmative action with respect to any conduct of the Parties which is in violation or breach of the terms of the MOU shall not be construed as a waiver of the violation or breach, or of any future violation or breach.
 - J. Authorities. The Parties agree to work collaboratively to ensure that each remains in full compliance with applicable law. The Parties acknowledge the legal authority of the Governor of Texas and the Texas Legislature over both Parties. To the extent any clause of this MOU is or becomes inconsistent with a directive from the Governor or statute, the directive or statute shall control. No action taken in order to comply with applicable law or a directive from the Governor shall be a breach of this MOU.
 - K. Severability. If any provision of this MOU is construed to be illegal or invalid, the illegal or invalid provision will be deemed stricken and deleted to the same extent and effect as if never incorporated, but all other provisions shall continue to be enforced.
 - L. Counterparts and Signatures. The Parties may sign this MOU in counterparts, each of which will be deemed an original but all of which together will constitute one document. Electronically transmitted signatures will be deemed originals for all purposes relating to this MOU.
- Entire Agreement. The Parties acknowledge that this MOU is the entire agreement of the Parties and that there are no agreements or understandings, written or oral, between them with respect to the subject matter of this MOU, other than as set forth in this MOU. This MOU has been signed by an authorized representative of each Party.

Signature Page Follows

By signing below, the Parties acknowledge that they have read the MOU and agree to its terms, and that the persons whose signatures appear below have the requisite authority to execute this MOU on behalf of the named party.

Department of State Health Services

Signed by:
By: Timothy Stevenson
Timothy Stevenson, DVM, PhD,
Deputy Commissioner
Consumer Protection

Date: December 1, 2025

Texas Alcoholic Beverage Commission

DocuSigned by:
By: Thomas Graham
Thomas Graham
Executive Director

Date: December 1, 2025

Exhibit 27

S.B. 1 (General Appropriations Act),
89th Leg., Excerpts

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

(Continued)

41. Texas Family First and Enhanced Family Engagement Pilot. Out of amounts appropriated above, the Department of Family and Protective Services (DFPS) and the Single Source Continuum Contractors (SSCCs) shall continue to operate the Texas Family First Pilot Program to serve families meeting the criteria established in Texas Family Code, Section 262.401 and, if the Commissioner identifies excess capacity within the pilot program, other children at imminent risk of removal, including to prevent parental relinquishment under Texas Family Code, Section 261.001(4)(B)(i) may be served within appropriations.

To the extent funds are available, SSCCs currently operating the Texas Family First Pilot Program sites shall also implement enhanced family engagement efforts within the conservatorship stage of service for families identified by the SSCC who would most benefit from those services. These SSCCs shall provide enhanced support to reunified families who most demonstrate a continued need for those enhanced services.

DFPS shall include in its independent Texas Family First evaluation an assessment of whether the enhanced services were effective to prevent removal of children and/or improve reunification outcomes.

42. Connecting Technology Services. Included in amounts appropriated above to the Department of Family and Protective Services (DFPS) in Strategy B.1.1, CPS Direct Delivery Staff, is \$500,000 from the General Revenue Fund in fiscal year 2026 and \$500,000 from the General Revenue Fund in fiscal year 2027. DFPS shall contract with an organization that provides connecting technology for children and families in Texas. The technology services include providing community partners the opportunity to address the needs of children and families in their community.

43. Case Management System.

- (a) Contingent upon funding of a transition to a new case management system, Single Source Continuum Contractors (SSCCs) and subcontractors must agree to use the Department of Family and Protective Services' (DFPS) new case management system to record all case management and placement activities.
- (b) DFPS may partner with the SSCCs to ensure the new system is designed to meet their business needs.

44. Safe Haven and Public Awareness Campaign. Included in amounts above in the Department of Family and Protective Services (DFPS) Strategy A.1.1, Statewide Intake Services, is \$2,000,000 from the General Revenue Fund and 2.0 FTEs in each fiscal year of the biennium to support the Texas Baby Moses Hotline and implement a public awareness campaign to ensure that women of childbearing age in this State have access to information regarding the Safe Haven Law and related public and private resources.

DFPS shall collaborate with the Health and Human Services Commission to determine how services at both agencies may best support the functions of the hotline and what existing programs could be enhanced to convey public awareness of the Safe Haven Law.

Not later than November 1, 2026, DFPS, in collaboration with HHSC, shall submit a report to the Office of the Governor, the Legislative Budget Board, and the Legislature on the progress regarding improving awareness of the law, including any available data on the use of safe havens and information regarding strategies for raising awareness of the program that have been found to be especially successful.

Any unexpended balances of these funds remaining as of August 31, 2026, are appropriated for the same purpose in the State fiscal year beginning September 1, 2026.

DEPARTMENT OF STATE HEALTH SERVICES

	For the Years Ending	
	August 31, 2026	August 31, 2027
	<hr/>	<hr/>
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 339,761,102	\$ 332,832,442

DEPARTMENT OF STATE HEALTH SERVICES
(Continued)

GR Match for Medicaid Account No. 758	2,657,624	2,657,624
GR for Maternal and Child Health Block Grant Account No. 8003	19,429,609	19,429,609
GR for HIV Services Account No. 8005	53,232,092	53,232,092
Subtotal, General Revenue Fund	\$ 415,080,427	\$ 408,151,767
<u>General Revenue Fund - Dedicated</u>		
Vital Statistics Account No. 019	\$ 9,592,228	\$ 9,592,227
Texas Department of Insurance Operating Fund Account No. 036	6,485,658	6,485,657
Hospital Licensing Account No. 129	1,246,949	1,246,949
Food and Drug Fee Account No. 341	3,334,823	3,334,821
Bureau of Emergency Management Account No. 512	3,554,650	3,554,650
Public Health Services Fee Account No. 524	26,391,077	26,391,075
Commission on State Emergency Communications Account No. 5007	1,757,950	1,757,950
Asbestos Removal Licensure Account No. 5017	3,257,454	3,257,453
Workplace Chemicals List Account No. 5020	67,328	67,328
Certificate of Mammography Systems Account No. 5021	1,477,874	1,477,873
Oyster Sales Account No. 5022	80,000	80,000
Food and Drug Registration Account No. 5024	10,008,770	10,008,770
Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease Account No. 5048	883,000	883,000
EMS, Trauma Facilities, Trauma Care Systems Account No. 5108	3,489,181	3,489,181
Trauma Facility and EMS Account No. 5111	93,951,545	93,951,545
Childhood Immunization Account No. 5125	46,000	46,000
Subtotal, General Revenue Fund - Dedicated	\$ 165,624,487	\$ 165,624,479
<u>Federal Funds</u>		
Coronavirus Relief Fund	\$ 177,959,343	\$ 72,887,744
Federal Funds	340,097,773	340,097,773
Subtotal, Federal Funds	\$ 518,057,116	\$ 412,985,517
<u>Other Funds</u>		
Appropriated Receipts	\$ 24,594,790	\$ 24,594,790
State Chest Hospital Fees and Receipts Account No. 707	356,110	356,110
Public Health Medicaid Reimbursements Account No. 709	68,659,012	69,289,379
Interagency Contracts	37,100,343	37,100,343
License Plate Trust Fund Account No. 0802, estimated	356,000	356,000
HIV Vendor Drug Rebates Account No. 8149	3,993,952	3,993,952
Subtotal, Other Funds	\$ 135,060,207	\$ 135,690,574
Total, Method of Financing	\$ 1,233,822,237	\$ 1,122,452,337
Other Direct and Indirect Costs Appropriated Elsewhere in this Act	\$ 3,596,342	\$ 3,673,561
This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.		
Number of Full-Time-Equivalents (FTE):	3,443.2	3,449.2
Schedule of Exempt Positions:		
Commissioner, Group 9	\$298,869	\$298,869
Items of Appropriation:		
A. Goal: PREPAREDNESS AND PREVENTION		
Preparedness and Prevention Services.		
A.1.1. Strategy: PUBLIC HEALTH PREP. & COORD. SVCS	\$ 155,411,899	\$ 152,988,079
Public Health Preparedness and Coordinated Services.		
A.1.2. Strategy: VITAL STATISTICS	30,817,743	30,817,743
A.1.3. Strategy: HEALTH REGISTRIES	17,302,886	17,484,856
A.1.4. Strategy: BORDER HEALTH AND COLONIAS	2,311,488	2,311,487
A.1.5. Strategy: HEALTH DATA AND STATISTICS	11,253,556	6,030,333

DEPARTMENT OF STATE HEALTH SERVICES
(Continued)

A.2.1. Strategy: IMMUNIZE CHILDREN & ADULTS IN TEXAS	81,872,657	81,872,656
Immunize Children and Adults in Texas.		
A.2.2. Strategy: HIV/STD PREVENTION	232,874,181	231,042,860
A.2.3. Strategy: INFECTIOUS DISEASE PREV/EPI/SURV	135,367,184	45,175,582
Infectious Disease Prevention, Epidemiology and Surveillance.		
A.2.4. Strategy: TB SURVEILLANCE & PREVENTION	32,912,998	32,912,999
TB Surveillance and Prevention.		
A.2.5. Strategy: TX CENTER FOR INFECTIOUS DISEASE	25,772,232	19,348,404
Texas Center for Infectious Disease (TCID).		
A.3.1. Strategy: CHRONIC DISEASE PREVENTION	16,183,458	16,183,457
Health Promotion & Chronic Disease Prevention.		
A.3.2. Strategy: REDUCE USE OF TOBACCO PRODUCTS	9,121,095	9,121,095
Reducing the Use of Tobacco Products Statewide.		
A.4.1. Strategy: LABORATORY SERVICES	<u>99,896,480</u>	<u>99,097,091</u>
Total, Goal A: PREPAREDNESS AND PREVENTION	\$ 851,097,857	\$ 744,386,642
B. Goal: COMMUNITY HEALTH SERVICES		
B.1.1. Strategy: MATERNAL AND CHILD HEALTH	\$ 62,744,885	\$ 62,744,885
B.1.2. Strategy: CHILDREN WITH SPECIAL NEEDS	12,223,825	12,223,825
Children with Special Health Care Needs.		
B.2.1. Strategy: EMS AND TRAUMA CARE SYSTEMS	120,713,223	110,713,223
B.2.2. Strategy: TEXAS PRIMARY CARE OFFICE	<u>20,892,477</u>	<u>20,892,478</u>
Total, Goal B: COMMUNITY HEALTH SERVICES	\$ 216,574,410	\$ 206,574,411
C. Goal: CONSUMER PROTECTION SERVICES		
C.1.1. Strategy: FOOD (MEAT) AND DRUG SAFETY	\$ 35,739,387	\$ 36,522,769
C.1.2. Strategy: ENVIRONMENTAL HEALTH	7,363,786	7,363,785
C.1.3. Strategy: RADIATION CONTROL	10,270,449	10,270,448
C.1.4. Strategy: TEXAS.GOV	<u>720,864</u>	<u>720,864</u>
Texas.Gov. Estimated and Nontransferable.		
Total, Goal C: CONSUMER PROTECTION SERVICES	\$ 54,094,486	\$ 54,877,866
D. Goal: AGENCY WIDE IT PROJECTS		
Agency Wide Information Technology Projects.		
D.1.1. Strategy: AGENCY WIDE IT PROJECTS	\$ 45,829,677	\$ 50,387,615
Agency Wide Information Technology Projects.		
E. Goal: INDIRECT ADMINISTRATION		
E.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 36,921,716	\$ 36,921,713
E.1.2. Strategy: IT PROGRAM SUPPORT	25,064,154	25,064,155
Information Technology Program Support.		
E.1.3. Strategy: OTHER SUPPORT SERVICES	2,599,856	2,599,854
E.1.4. Strategy: REGIONAL ADMINISTRATION	<u>1,640,081</u>	<u>1,640,081</u>
Total, Goal E: INDIRECT ADMINISTRATION	\$ 66,225,807	\$ 66,225,803
Grand Total, DEPARTMENT OF STATE HEALTH SERVICES	<u>\$ 1,233,822,237</u>	<u>\$ 1,122,452,337</u>
Object-of-Expense Informational Listing:		
Salaries and Wages	\$ 240,122,922	\$ 231,781,221
Other Personnel Costs	9,414,142	9,030,451
Professional Fees and Services	243,822,353	173,562,132
Fuels and Lubricants	220,137	209,131
Consumable Supplies	1,139,513	1,138,733
Utilities	2,565,112	2,564,602
Travel	9,795,843	11,545,046
Rent - Building	2,755,353	2,858,423
Rent - Machine and Other	3,348,638	3,259,702
Other Operating Expense	373,587,337	353,470,200
Client Services	10,328,900	10,516,412
Food for Persons - Wards of State	721,234	829,419

DEPARTMENT OF STATE HEALTH SERVICES
(Continued)

Grants	317,856,310	314,556,312
Capital Expenditures	18,144,443	7,130,553
Total, Object-of-Expense Informational Listing	\$ 1,233,822,237	\$ 1,122,452,337

Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:

Employee Benefits

Retirement	\$ 22,819,267	\$ 23,036,442
Group Insurance	71,467,468	73,753,477
Social Security	18,702,559	18,880,484
Benefits Replacement	80,690	65,601

Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act

	\$ 113,069,984	\$ 115,736,004
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1. Performance Measure Targets. The following is a listing of the key performance target levels for the Department of State Health Services. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of State Health Services. In order to achieve the objectives and service standards established by this Act, the Department of State Health Services shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	2026	2027
A. Goal: PREPAREDNESS AND PREVENTION		
Outcome (Results/Impact):		
Percentage of Key Staff Prepared to Respond During Public Health Disaster Response Drills	95%	95%
Vaccination Coverage Levels among Children at Age 24 Months	66%	66%
Incidence Rate of TB Per 100,000 Texas Residents	4.1	4.1
Prevalence of Tobacco and E-Cigarette Use among Middle and High School Youth Statewide	9.04%	9.04%
Prevalence of Tobacco and E-Cigarette Use among Adult Texans	16.59%	16.59%
A.1.2. Strategy: VITAL STATISTICS		
Efficiencies:		
Average Number of Days to Certify or Verify Vital Statistics Records	11	11
A.2.1. Strategy: IMMUNIZE CHILDREN & ADULTS IN TEXAS		
Output (Volume):		
Number of Vaccine Doses Administered to Children	15,119,349	15,119,349
Explanatory:		
Dollar Value (in Millions) of Vaccine Provided by the Federal Government	891.56	891.56
A.2.2. Strategy: HIV/STD PREVENTION		
Output (Volume):		
Number of Persons Served by the HIV Medication Program	23,000	23,000
A.2.3. Strategy: INFECTIOUS DISEASE PREV/EPI/SURV		
Output (Volume):		
Number of Communicable Disease Investigations Conducted	250,000	250,000
The Number of Healthcare Facilities Enrolled in Texas Health Care Safety Network	4,845	4,845
A.2.4. Strategy: TB SURVEILLANCE & PREVENTION		
Output (Volume):		
Number of Tuberculosis Disease Investigations Conducted	9,402	9,402
A.2.5. Strategy: TX CENTER FOR INFECTIOUS DISEASE		
Output (Volume):		
Number of Inpatient Days, Texas Center for Infectious Disease	11,000	11,000
A.4.1. Strategy: LABORATORY SERVICES		
Output (Volume):		
Percentage of Initial Newborn Screening Specimen Results Reported within 7 Days of Birth	84%	84%
B. Goal: COMMUNITY HEALTH SERVICES		
Outcome (Results/Impact):		
Number of Infant Deaths Per Thousand Live Births (Infant Mortality Rate)	5.66	5.66
Percentage of Low Birth Weight Births	8.64%	8.64%

DEPARTMENT OF STATE HEALTH SERVICES
(Continued)

B.2.1. Strategy: EMS AND TRAUMA CARE SYSTEMS

Output (Volume):

Number of Emergency Health Care Providers (EMS Firms, Hospitals, RACS) Assisted through EMS/Trauma System Funding Programs	2,400	2,400
Number of EMS Personnel Licensed, Permitted, Certified, and Registered	20,759	20,759

Explanatory:

Number of Trauma Facilities	299	299
Number of Stroke Facilities	189	189
Number of Hospitals with Maternal Care Designation	223	223
Number of Hospitals with Neonatal Care Designation	224	224

C. Goal: CONSUMER PROTECTION SERVICES

Outcome (Results/Impact):

Percentage of Licenses Issued within Regulatory Timeframe	95%	95%
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C.1.1. Strategy: FOOD (MEAT) AND DRUG SAFETY

Efficiencies:

Average Cost Per Surveillance Activity - Food/Meat and Drug Safety	214.5	214.5
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C.1.2. Strategy: ENVIRONMENTAL HEALTH

Efficiencies:

Average Cost Per Surveillance Activity - Environmental Health	394.93	394.93
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C.1.3. Strategy: RADIATION CONTROL

Efficiencies:

Average Cost Per Surveillance Activity - Radiation Control	816.33	816.33
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2. Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code, Section 1232.103.

	<u>2026</u>	<u>2027</u>
a. Repair or Rehabilitation of Buildings and Facilities		
(1) Laboratory Repair and Renovation	\$ 2,679,754	\$ 250,000
(2) TCID Repair and Renovation	7,448,000	UB
(3) VSS Repair and Renovation	1,000,000	UB
(4) Regional Clinic Repair and Renovation	<u>2,159,820</u>	<u>UB</u>
Total, Repair or Rehabilitation of Buildings and Facilities	\$ 13,287,574	\$ 250,000
b. Acquisition of Information Resource Technologies		
(1) IT Accessibility	\$ 1,079,943	\$ 1,079,943
(2) Seat Management	2,748,061	2,748,061
(3) Texas STHARRS Enhancements	4,061,687	UB
(4) Tx Enhancement of the National Electronic Disease Surveillance System (NEDSS)	3,310,710	UB
(5) TXEVER Order Fulfillment Enhancements	1,000,000	UB
(6) NBS Clinical Care Coordination	6,262,258	6,288,468
(7) Congenital Syphilis Case Management	<u>1,827,956</u>	<u>UB</u>
Total, Acquisition of Information Resource Technologies	\$ 20,290,615	\$ 10,116,472
c. Acquisition of Capital Equipment and Items		
(1) Miscellaneous Laboratory Equipment	\$ 8,538,186	\$ 4,073,325
d. Data Center/Shared Technology Services		
(1) Data Center Consolidation	\$ 42,913,311	\$ 47,471,249
e. Cybersecurity		
(1) Cybersecurity	\$ 830,998	\$ 830,998

DEPARTMENT OF STATE HEALTH SERVICES
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(2) IT Security	3,047,830	3,047,830
Total, Cybersecurity	\$ 3,878,828	\$ 3,878,828
Total, Capital Budget	\$ 88,908,514	\$ 65,789,874
Method of Financing (Capital Budget):		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 47,179,034	\$ 48,528,217
GR for HIV Services Account No. 8005	3,237,711	3,237,711
Subtotal, General Revenue Fund	\$ 50,416,745	\$ 51,765,928
<u>General Revenue Fund - Dedicated</u>		
Vital Statistics Account No. 019	\$ 2,032,025	\$ 32,025
Food and Drug Fee Account No. 341	4,802	4,802
Public Health Services Fee Account No. 524	236,252	236,252
Food and Drug Registration Account No. 5024	183,999	183,999
Subtotal, General Revenue Fund - Dedicated	\$ 2,457,078	\$ 457,078
<u>Federal Funds</u>		
Coronavirus Relief Fund	\$ 20,810,596	\$ 1,927,622
Federal Funds	2,570,232	2,505,232
Subtotal, Federal Funds	\$ 23,380,828	\$ 4,432,854
<u>Other Funds</u>		
Appropriated Receipts	\$ 444,549	\$ 444,549
Public Health Medicaid Reimbursements Account No. 709	12,204,020	8,684,171
Interagency Contracts	5,294	5,294
Subtotal, Other Funds	\$ 12,653,863	\$ 9,134,014
Total, Method of Financing	\$ 88,908,514	\$ 65,789,874

3. Appropriations Limited to Revenue Collections. Fees, fines, and other miscellaneous revenues as authorized and generated by the Department of State Health Services (DSHS) shall cover, at a minimum, the cost of the appropriations made for the programs listed in the table below, as well as the "other direct and indirect costs" associated with these programs, appropriated elsewhere in this Act. "Other direct and indirect costs" for these programs are estimated to be \$3,596,342 for fiscal year 2026 and \$3,673,561 for fiscal year 2027.

- (a) This requirement shall apply to revenues generated in the following strategies and deposited under the following revenue codes or account numbers.

Strategy	Revenue Code or Account
C.1.1. Food (Meat) & Drug Safety	Fees deposited into the General Revenue Fund to support C.1.1, Food (Meat) and Drug Safety, including fees deposited under the following Revenue Codes: 3142 (Food Service Worker Training); 3180 (Health Regulation Fees, for Tattoo/Body Piercing Studios); 3400 (Business Fees-Agriculture, for Milk Products); 3414 (Agriculture Inspection Fees, for Meat or Meat Products); 3554 (Food and Drug Fees, for Frozen Dessert Manufacture).
C.1.2. Environmental Health	Fees deposited into the General Revenue Fund to support C.1.2, Environmental Health, including fees deposited under the following Revenue Codes: 3123 (Volatile Chemical Sales Permit); 3180 (Health

DEPARTMENT OF STATE HEALTH SERVICES
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Regulation Fees, for Lead-Based Paint Certification Program); 3555 (Hazardous Substance Manufacture); and 3573 (Health Licenses for Camps, for Youth).

C.1.3. Radiation Control

Fees deposited into the General Revenue Fund to support C.1.3, Radiation Control, including fees deposited under the following Revenue Codes: 3589 (Radioactive Materials and Devices for Equipment Regulation).

- (b) Appropriations made to DSHS in this Act are contingent upon DSHS assessing fees sufficient to generate revenue to cover the General Revenue Fund appropriations for the programs listed under Subsection a above as well as the related "other direct and indirect costs." In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct the Comptroller of Public Accounts to reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

4. Immunization of Employees. Monies appropriated above to the Department of State Health Services may be expended for any immunization which is required of employees at risk in the performance of their duties.

5. Texas.Gov Authority Appropriation.

- (a) The Department of State Health Services (DSHS) is authorized in accordance with Government Code, Section 2054.252, to increase the occupational license, permit, and registration fees imposed on licensees by an amount sufficient to cover the cost of the subscription fee charged by the Texas.Gov Authority.
- (b) Amounts appropriated above to DSHS include \$720,864 in each fiscal year in revenue collected for license and certification fees in Strategy C.1.4, Texas.Gov, for the purpose of paying Texas.Gov subscription fees.
- (c) In the event that actual and/or projected revenue collections from fee increases to cover the cost of Texas.Gov subscription fees are insufficient to offset the costs identified above, the Comptroller is directed to reduce the appropriation authority provided by this Act to DSHS to be within the amount of fee revenue expected to be available.
- (d) For new licensing applications, DSHS is appropriated the additional revenue generated from occupational license, permit, or registration fees in excess of the Comptroller's biennial revenue estimate for the 2026-27 biennium for the sole purpose of payment to the Texas.Gov Authority contractor of subscription fees for implementing and maintaining electronic services for the department. DSHS, upon completion of necessary actions to access or increase fees, shall furnish an annual schedule of the number of license issuances or renewals and associated annual fee total, and any other supporting documentation to the Comptroller and the Legislative Budget Board. If the Comptroller finds the information sufficient to support the projection of increased revenues, a notification letter will be issued and the contingent appropriation made available for the intended purposes.
- (e) DSHS shall notify the Legislative Budget Board and the Comptroller of Public Accounts in writing upon receiving an exemption from participating in Texas.Gov. Within 45 calendar days of receiving an exemption, DSHS shall provide the Legislative Budget Board and the Comptroller with a report of the effective date, the reason for exemption, and all estimated expenditures for Texas.Gov costs in the fiscal year in which the exemption is made.

6. Collection of Emergency Room Data. Out of funds appropriated in Strategy A.1.5, Health Data and Statistics, the Department of State Health Services (DSHS) shall collect emergency room data as set forth in Health and Safety Code, Chapter 108. DSHS shall use the data to measure and report potentially preventable emergency room visits, including potentially preventable mental health and substance abuse emergency room visits. DSHS shall submit the results of their findings to the Legislative Budget Board, Governor, Chairs of the Committees in each House with jurisdiction over public health issues, and the Statewide Behavioral Health Coordinating Council on a biennial basis on or before December 31 of each odd-numbered year.

DEPARTMENT OF STATE HEALTH SERVICES
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7. Appropriation: Contingent Revenue. The Department of State Health Services (DSHS) is appropriated for the purposes identified below any additional revenue generated by DSHS above the amounts identified in fiscal year 2026 or fiscal year 2027 in the Comptroller of Public Accounts's Biennial Revenue Estimate (BRE) for each of the accounts or revenue object identified below. An appropriation from an account or revenue object shall be made available to DSHS once certified by a Comptroller's finding of fact that the amount in the BRE for the account or revenue object for the given fiscal year has been exceeded. An appropriation is limited to revenue generated in fiscal year 2026 or fiscal year 2027 and does not include any balances that have accrued in the account or revenue object code.

By March 1st of each year, DSHS may notify the Comptroller of Public Accounts, the Legislative Budget Board, and the Governor of the amount that DSHS projects will be received in excess of the amounts contained in the BRE for each of the accounts listed below, along with sufficient information to reflect how the estimate was determined. If the Comptroller finds the information sufficient to support the projection of additional revenue, a finding of fact to that effect shall be issued to reflect the additional revenue available for each account.

- (a) Account No. 341, Food and Drug Retail Fees, for restaurant inspections.
- (b) Revenue Object 3175, Account No. 5017, Asbestos Removal Licensure, for asbestos inspections and regulatory activities.
- (c) Account No. 5021, Certification of Mammography Systems, for the purpose of certification of mammography facilities.
- (d) Account No. 5024, Food and Drug Registration Fees, for food and drug inspections.
- (e) Account No. 5022, Oyster Sales, for oyster plant inspections.
- (f) Revenue Object 3589 in the General Revenue Fund for Radiation Control regulatory activities.
- (g) Revenue Objects 3123, 3555, and 3573 in the General Revenue Fund for environmental regulation.
- (h) Account No. 19, Vital Statistics, for processing birth and death certificates and other vital records.
- (i) Account No. 512, Bureau of Emergency Management, for licensing Emergency Medical Services personnel and providers.
- (j) Account No. 524, Public Health Services Fee, for Laboratory activities.

8. Estimated Appropriations: Perpetual Care Account. In the event of an incident involving the release of or abandonment of radioactive material and/or contaminated facilities in Texas under the jurisdiction of the Department of State Health Services (DSHS) or the abandonment of mammography films by a facility registered by DSHS and after receiving the written approval of the Legislative Budget Board (LBB) and the Governor and DSHS notifying the Comptroller of Public Accounts, DSHS is appropriated any revenues from DSHS licensees, including the proceeds of securities and interest earned, deposited to the credit of the General Revenue-Dedicated Perpetual Care Account No. 5096, pursuant to Health and Safety Code, Section 401.305 (b) and Section 401.301 (d) during the biennium beginning September 1, 2025, (estimated to be \$13,769,488). Amounts that exceed \$100,000 are subject to the prior written approval of the LBB and the Governor. Transfers below these thresholds require written notification to the LBB and Governor within 30 calendar days and a report on transfers of all amounts should be submitted to the LBB annually. Upon approval or notification, DSHS shall coordinate with the Comptroller of Public Accounts.

Any unexpended balances from amounts approved by the LBB and the Governor remaining as of August 31, 2025, is appropriated to the agency for the fiscal year beginning September 1, 2025, for the same purpose, subject to the department notifying the Comptroller of Public Accounts, the Legislative Budget Board and the Governor in writing at least 30 calendar days prior to budgeting and expending these balances.

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The funds shall be used in Strategy C.1.3, Radiation Control, to mitigate radioactive contamination or abandoned radioactive sources resulting from activities of a DSHS licensee or unlicensed entity or a mammography registrant as provided in the Health and Safety Code, Section 401.305 (c) - (d), and pursuant to a memorandum of understanding with the Texas Commission on Environmental Quality relating to the regulations for the control of radiation as applicable.

9. Limitation: Transfer Authority.

- (a) **Notification Regarding Transfers.** Authority provided in Article IX, Section 14.01, Appropriation Transfers, is contingent upon a written notification from Department of State Health Services (DSHS) to the Legislative Budget Board and the Governor at least 30 calendar days prior to the transfer, which includes the following information:
- (1) a detailed explanation of the purpose(s) of the transfer and whether the expenditure will be one-time or ongoing;
 - (2) the name of the originating and receiving strategies and the method of financing and FTEs for each strategy by fiscal year;
 - (3) an estimate of performance levels and, where relevant, a comparison to targets included in this Act for both the originating and the receiving strategies; and
 - (4) the capital budget impact.
- (b) **Cash Management.** Notwithstanding the above limitations, DSHS may temporarily utilize funds for cash flow purposes. All funding used in this manner shall be promptly returned to the originating strategy on or before August 31, 2027. This authorization is subject to limitations established by the Comptroller of Public Accounts.

The Comptroller of Public Accounts shall not allow the transfer of funds authorized by any of the above subsections if the Legislative Budget Board provides notification to the Comptroller of Public Accounts that the requirements of this provision have not been satisfied.

In the case of disaster or other emergency, this provision is superseded by the emergency-related transfer authority in Article IX of this Act.

- 10. Other Reporting Requirements - Fees.** Department of State Health Services (DSHS) shall review all of the fee schedules within its authority on an annual basis and update to cover direct and indirect costs of program operations. DSHS shall provide a fee report to the Legislative Budget Board and the Governor no later than January 31 of each year of the biennium. The report should include any fee adjustments, rationale and methodology for the change, revenue estimates by each fiscal year, details and justification for direct and indirect costs.

- 11. Reimbursement of Advisory Committee Members.** Pursuant to Government Code, Section 2110.004, or the statute authorizing the specific committee for those committees not subject to Government Code, Section 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above not to exceed \$221,800 per fiscal year, is limited to the following advisory committees: Medical Advisory Board, State Child Fatality Review Team Committee, Stock Epinephrine Advisory Committee, Texas Radiation Advisory Board, Preparedness Coordinating Council, Governor's Emergency Medical Services and Trauma Advisory Council, Statewide Health Coordinating Council, Texas Council on Alzheimer's Disease and Related Disorders, Texas Council on Cardiovascular Disease and Stroke, Texas Diabetes Council, State Preventative Health Advisory Committee, and Sickle Cell Task Force.

Pursuant to Government Code, Section 2110.004, or the statute authorizing the specific committee for those committees not subject to Government Code, Section 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to any advisory committee member who represents either the general public or consumer on the following advisory committees: Texas HIV Medication Advisory Committee, Promotora Community Health Worker Training and Certification Committee, School Health Advisory Committee, and Newborn Screening Advisory Committee.

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To the maximum extent possible, the Department of State Health Services shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

- 12. Nuisance Surveys for the Economically Distressed Areas Program.** The Texas Commission on Environmental Quality (TCEQ) and the Water Development Board (WDB) shall reimburse the Department of State Health Services (DSHS) for costs incurred by the agency in conducting nuisance surveys for applicants for financial assistance through the Economically Distressed Areas program administered by the WDB. TCEQ and WDB shall each reimburse such costs through Interagency Contracts with DSHS in an amount not to exceed a total of \$125,000 per agency for the biennium.
- 13. School Cafeteria Inspections.** Amounts appropriated above to the Department of State Health Services in Strategy C.1.1, Food (Meat) and Drug Safety, include fee revenue from the General Revenue Fund estimated to be \$350,000 in each fiscal year from school districts for the purpose of conducting inspections of school cafeterias to achieve compliance with federal regulations issued pursuant to Section 402 of Public Law 296, 124 Stat. 3259 (Healthy, Hunger-Free Kids Act of 2010).
- 14. Tobacco Prevention Funding.** Out of funds appropriated above in Strategy A.3.2, Reduce Use of Tobacco Products, funds provided for activities targeting prevention of youth experimentation with nicotine-containing products shall only be expended on evidence-based and promising practices.
- 15. Texas Center for Infectious Disease Services and Billing.** The Department of State Health Services shall pursue reimbursement, in cases where funding is available, from county governments for tuberculosis services provided to new county indigent patients served at the Texas Center for Infectious Disease.
- 16. Continuity of Public Health Services.** The Department of State Health Services (DSHS) shall ensure continuity of public health services provided in all strategies in Goal A, Preparedness and Prevention Services, Goal B, Community Health Services, and Goal C, Consumer Protection Services. Should the agency determine costs associated with ensuring continuity of public health services would exceed appropriations, DSHS shall utilize Rider 9, Limitation: Transfer Authority, to transfer funds within the agency or coordinate with the Executive Commissioner of the Health and Human Services Commission to utilize Special Provisions Section 6, Limitations on Transfer Authority, to transfer funds from health and human services agencies listed in Article II of this Act.
- 17. HIV Vendor Drug Rebates.** Included in amounts appropriated above in Strategy A.2.2, HIV/STD Prevention, is all rebate revenue earned via the HIV Medication Program and deposited under the Comptroller's Revenue Object Code No. 3552, estimated to be \$ 3,993,952 in HIV Vendor Drug Rebates Account No. 8149 (Other Funds) each fiscal year of the biennium to administer the HIV/STD program in accordance with the applicable federal law.

Any unexpended and unobligated balances remaining as of August 31, 2025, in HIV Vendor Drug Rebates Account No. 8149 (Other Funds), are appropriated for the fiscal year beginning September 1, 2025, for the same purpose.

Any unexpended balances remaining from amounts appropriated in HIV Vendor Drug Rebates Account No. 8149 (Other Funds) in this rider as of August 31, 2026, are appropriated for the fiscal year beginning September 1, 2026, for the same purpose.

For expenditures which may be funded with rebates, General Revenue Fund appropriations, or General Revenue-Dedicated Fund appropriations, rebates should be expended first to the extent possible while ensuring the Maintenance of Effort is met with General Revenue Fund expenditures.

No later than November 1 of each fiscal year, DSHS shall report to the Legislative Budget Board the amount of unexpended balances of rebate revenue from the previous fiscal year and the agency's planned use of these balances.

DEPARTMENT OF STATE HEALTH SERVICES

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- 18. Permanent Hospital Fund.** Included in amounts appropriated above, in Strategy A.2.5, TX Center for Infectious Disease, is an estimated \$883,000 in fiscal year 2026 and \$883,000 in fiscal year 2027 in General Revenue - Dedicated Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease Account No. 5048 from the available earnings of the fund for the purpose of implementing Government Code, Section 403.1066.

In no event may administrative costs exceed 3 percent of the appropriations from General Revenue - Dedicated Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease Account No. 5048.

Available earnings in excess of the amounts estimated above are appropriated to the Department of State Health Services (DSHS). In the event that amounts available for distribution or investment returns are less than the amounts estimated above, this Act may not be construed as appropriating funds to make up the difference.

Any unexpended balances remaining as of August 31, 2026, from the appropriations made by this Rider are appropriated for the fiscal year beginning September 1, 2026, for the same purpose, subject to DSHS notifying the Legislative Budget Board and the Governor in writing at least 30 calendar days prior to budgeting and expending these balances.

- 19. Maternal Mortality and Morbidity.** Amounts appropriated above to the Department of State Health Services (DSHS) in Strategy B.1.1, Maternal and Child Health, include \$5,000,000 in All Funds and 8.0 FTEs in each fiscal year for the following items:

- (a) to implement and operate maternal safety initiatives statewide;
- (b) to expand a high-risk maternal care coordination services pilot for women of childbearing age, which may include the following:
 - (1) Implementing a statewide assessment of training courses;
 - (2) Sharing existing models of high-risk maternal care coordination services;
 - (3) Implementing a risk assessment tool to identify pregnant women who are at a higher risk for poor pregnancy, birth, or postpartum outcomes and train providers on use of the risk assessment tools; and
 - (4) Creating educational materials for promotoras or community health workers; and
- (c) to increase public awareness and prevention activities related to maternal mortality and morbidity.

Additionally, out of funds appropriated above, DSHS in coordination with the Maternal Mortality and Morbidity Review Committee shall annually collect information relating to postpartum depression screening and treatment under state health programs administered by the Health and Human Services Commission, including Medicaid and Healthy Texas Women.

- 20. Adult Safety Net Program.** Out of the funds appropriated above in Strategy A.2.1, Immunize Children and Adults in Texas, the Department of State Health Services (DSHS) may make available adult safety net vaccines to local health departments to immunize Medicare-D patients whose insurance does not cover the vaccine at the time of presentation at the local health department. DSHS may only make vaccines available if doing so will not result in need for additional funding or a reduction in vaccines provided to the uninsured adult population. To the extent possible, vaccines provided to Medicare-D patients shall be targeted to lower income persons.

- 21. Federally Funded Capital Projects.** Notwithstanding the limitations in Article IX, Section 14.03, Transfers - Capital Budget, the Department of State Health Services is authorized to transfer from a non-capital budget item to an existing capital budget item or a new capital budget item not present in the agency's bill pattern contingent upon:

- (a) implementation of a new, unanticipated project that is 100 percent federally funded; or
- (b) the unanticipated expansion of an existing project that is 100 percent federally funded; and

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- (c) providing prior written notification to the State Auditor's Office, the Comptroller of Public Accounts, the Legislative Budget Board, and the Governor.

22. Texas HIV Medication Program. It is the intent of the Legislature that the Department of State Health Services (DSHS) maximize appropriations to the Texas HIV Medication Program by:

- (a) applying for the maximum supplemental award for HIV Care Formula Grants each year; and
- (b) implementing the cost containment measures outlined in 25 Texas Administrative Code Section 98.115 as needed.

DSHS shall notify providers and other relevant stakeholders at least 60 calendar days before implementing any cost containment measures for the Texas HIV Medication Program.

23. Emergency Medical Task Force.

- (a) Out of the amounts appropriated above in Strategy A.1.1, Public Health Preparedness and Coordinated Services, the Department of State Health Services (DSHS) shall provide \$2,000,000 in each fiscal year of the biennium out of General Revenue Fund appropriations to fund ongoing programs, exercises, and readiness for the Emergency Medical Task Force (EMTF).
- (b) Out of the amounts appropriated above in Strategy A.1.1, Public Health Preparedness and Coordinated Services, DSHS shall provide \$500,000 in each fiscal year of the biennium out of General Revenue Fund appropriations to fund the management of the EMTF program.
- (c) Out of the amounts appropriated above in Strategy A.1.1, Public Health Preparedness and Coordinated Services, DSHS shall provide \$1,500,000 in each fiscal year of the biennium out of General Revenue Fund appropriations for the replacement of critical emergency medical response equipment statewide, including specialized emergency medical vehicles, trailers, inflatable equipment, and durable medical equipment.
- (d) Out of the amounts appropriated above in Strategy A.1.1, Public Health Preparedness and Coordinated Services, DSHS shall utilize \$1,000,000 in each fiscal year of the biennium out of General Revenue Fund appropriations for any purpose stated above in Sections (a), (b), and (c) except for the purchase or replacement of ambulance buses (AMBUSes).

24. Hospital Care Information Funding. Relating to the appropriations made to the Department of State Health Services under Strategy A.1.5, Health Data and Statistics, it is the intent of the legislature that the department use excess money collected under Health and Safety Code, Section 241.025(d), to administer the department's responsibilities under Health and Safety Code, Chapters 108 and 324, and similar laws that require the department to provide information related to hospital care to the public.

25. Report on Federal Public Health Funding to Local Health Entities. The Department of State Health Services (DSHS) shall produce a biannual report on the allocation of federal public health funding received from the Centers for Disease Control and Prevention. The first report shall include federal public health funding allocated from January 1, 2024, to August 31, 2025, to state programs and local health entities. The report shall be provided to the Governor, Lieutenant Governor, Speaker of the House, Chair of the House and Senate Finance Committees, Chair of the House Public Health Committee, and Chair of the Senate Health and Human Services Committee by October 1, 2025. DSHS shall provide updated reports including six additional months of federal public health funding every subsequent six months.

26. Unexpended Balance Authority: Texas Center for Nursing Workforce Studies Funding. Funds appropriated above in Strategy A.1.5, Health Data and Statistics, include an interagency contract with the Board of Nursing in the amount of \$739,550 in the state fiscal year ending on August 31, 2026, and \$750,550 in the state fiscal year ending on August 31, 2027, to provide funding for the Texas Center for Nursing Workforce Studies and to support the grant program to reduce workplace violence against nurses.

Any unexpended balances of these funds for the state fiscal year ending August 31, 2026, are appropriated to the Department of State Health Services for the same purposes for the fiscal year beginning September 1, 2026.

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27. Alzheimer's Disease Program. Out of the amounts appropriated above in Strategy A.3.1, Chronic Disease Prevention, the Department of State Health Services (DSHS) shall expend \$2,750,000 appropriated from the General Revenue Fund in each fiscal year on the Alzheimer's Disease Program

28. Hemp Regulation. Included in amounts appropriated above, in Strategy C.1.1, Food (Meat) and Drug Safety, is an estimated \$1,305,563 in each fiscal year from Revenue Object 3554 in the General Revenue Fund for Consumable Hemp Products for the purposes of implementing Health and Safety Code, Chapter 443.

Additional revenue from Revenue Object 3554 in the General Revenue Fund for Consumable Hemp Products in excess of the amounts appropriated above (estimated to be \$0) is appropriated to the Department of State Health Services (DSHS) for the same purpose up to an additional \$411,344 each fiscal year.

29. Department of State Health Services and Department of Information Resources: Vital Statistics Revenue. The Department of State Health Services (DSHS) shall submit a report to the Legislative Budget Board on the allocation of additional revenue in the Vital Statistics program that occurred in the 2026-27 biennium as a result of implementing the agreement to share the customer fee revenue generated from vital statistics services deposited to General Revenue-Dedicated Fund 19, Vital Statistics Account between the Department of Information Resources (DIR) and DSHS by October 1, 2026. The report shall include monthly revenue amounts and salary increases, operating costs, and any other expenditures or obligations as a result of the increase in revenue provided in General Revenue-Dedicated Fund 19 because of implementation of the agreement between DIR and DSHS.

30. Emergency Preparedness/Patient Communication and Logistics Platform. Included in the amounts appropriated above in Strategy A.1.1, Public Health Preparedness and Coordinated Services, the Department of State Health Services is appropriated \$2,400,000 from the General Revenue Fund in each fiscal year of the biennium to maintain existing patient transfer portal technology.

31. HIV Injectable Treatment. Out of funds appropriated above in Strategy A.2.2, HIV/STD Prevention, the Department of State Health Services (DSHS) shall allocate \$300,000 in fiscal year 2026 and \$300,000 in fiscal year 2027 from the General Revenue Fund to pilot a program to provide HIV injectable treatment for up to 210 clients eligible for the Texas AIDS Drug Assistance Program (ADAP). DSHS shall prioritize clients in the following order based on available funding:

- (a) Clients eligible for the Texas Insurance Assistance Program-PLUS (TIAP-PLUS) and are waiting for the open enrollment period.

If funds are not exhausted in item (a), DSHS shall prioritize clients in the following order based on available funding:

- (b) Clients who are eligible for TIAP-PLUS but do not enroll to maintain continuity of care with their local provider; and
- (c) Other clients eligible for ADAP.

Contingent on DSHS collecting HIV rebate revenue in excess of \$29,500,000 in fiscal year 2026 or \$65,400,000 in fiscal year 2027, the appropriation in Strategy A.2.2, HIV/STD Prevention, shall be reduced by the amount that the HIV rebate revenue exceeds the amounts listed above up to \$300,000 in fiscal year 2026 and \$300,000 in fiscal year 2027.

32. Spay and Neuter Pilot Program - Public Health Focus. Out of funds appropriated above in Strategy A.2.3, Infectious Disease Prevention, Epidemiology, and Surveillance, are \$6,500,000 in General Revenue Fund appropriations in fiscal year 2026 and \$6,500,000 in General Revenue Fund appropriations in fiscal year 2027 designated for the Department of State Health Services (DSHS) to implement a pilot program focused on protecting human health by reducing the population of cats and dogs at risk for unplanned breeding that may carry infectious diseases. The agency will oversee spay and neuter procedures.

DEPARTMENT OF STATE HEALTH SERVICES
(Continued)

The agency is also authorized to outsource sterilization efforts to qualified entities to ensure the most effective and humane methods are employed for the sterilization of dogs and cats. Such entities must have a long-standing history of providing cost effective large-scale spay and neuter services and demonstrate proven experience in successfully managing high quality, high volume spay and neuter services.

Additionally, licensed veterinarians may utilize nonsurgical methods and technologies approved by the United States Food and Drug Administration or the United States Department of Agriculture to humanely and permanently render a dog or cat unable to reproduce, in accordance with Health and Safety Code, Section 828.0045, as part of the overall public health strategy.

Any unexpended and unobligated balances of these funds remaining at the end of the first fiscal year of the biennium are appropriated for the same purposes in the second fiscal year of the biennium.

Reporting Requirements:

- (a) **Quarterly Performance Reporting.** The outsourcing entity shall report quarterly to DSHS the number of procedures completed per quarter to maintain the agreement for continued outsourcing funding.
- (b) **Annual Reporting and Metrics.** DSHS shall submit an annual report by September 1 of each fiscal year beginning September 1, 2026, detailing the following:
 - (1) number of animals treated and location;
 - (2) health outcomes, including disease prevention and control efforts;
 - (3) a budget report outlining the expenditure of allocated funds; and
 - (4) strategies for program expansion and improvement.

33. Texas Center for Infectious Disease Reimbursements. It is the intent of the Legislature that the Texas Center for Infectious Disease (TCID) maximize insurance reimbursements for services provided. The Department of State Health Services shall provide a report to the Legislative Budget Board no later than September 30, 2026. The report shall include the following information:

- (a) TCID reimbursement amounts across all categories, including but not limited to, private pay and health insurance, Medicaid reimbursements, or any other method of payment; and the accounts that those funds are deposited into;
- (b) the number of out-of-state patients that TCID serves, and explanation of how out-of-state patient expenditures are reimbursed at TCID; and
- (c) utilization of reimbursements for services rendered which details activities and expenditures reimbursements pay for across TCID.

34. Texas Center for Infectious Disease Deferred Maintenance. It is the intent of the Legislature that the Department of State Health Services shall utilize any available federal funding including, but not limited to, COVID-19 related federal funding, for deferred maintenance needs at the Texas Center for Infectious Disease.

35. Whole Blood Pilot Program. Included in the amounts appropriated above to the Department of State Health Services (DSHS) in Strategy B.2.1, EMS and Trauma Care Systems, is \$10,000,000 from the General Revenue Fund in fiscal year 2026 to establish a program to support Emergency Medical Services (EMS) agencies administering whole blood to patients in the field suffering from extreme blood loss due to trauma, maternal hemorrhage, or other significant medical conditions, in order to stabilize them for transport to the appropriate acute care hospital.

DSHS, in consultation with Regional Advisory Councils (RAC), shall determine the most cost-effective method to secure the required resources for EMS agencies to operate a whole blood pilot program.

DSHS shall define the structure, process, and funding distribution for the state-wide prehospital whole blood pilot program.

DEPARTMENT OF STATE HEALTH SERVICES
(Continued)

No later than November 1, 2026, DSHS shall submit to the Legislative Budget Board and make publicly available a report with the status of the whole blood pilot program, including:

- (a) a listing of the entities that were awarded funding;
- (b) the amount awarded to each recipient;
- (c) the areas served grant funds;
- (d) any challenges identified with implementing the pilot program; and
- (e) reported outcomes of grant-funded activities.

Any unexpended and unobligated balances of these funds remaining at the end of the first fiscal year of the biennium are appropriated for the same purposes in the second fiscal year of the biennium.

- 36. Future Healthcare Workforce Apprenticeship Support.** Included in the amounts appropriated above to the Department of State Health Services (DSHS) in Strategy A.1.1, Public Health Preparedness and Coordinated Services, is \$500,000 from the General Revenue Fund in fiscal year 2026 and \$500,000 from the General Revenue Fund in fiscal year 2027, to provide grants to hospitals to develop and implement on-site healthcare workforce apprenticeship programs. Eligible hospitals must participate in the Disproportionate Share Hospital Program.

Any unexpended and unobligated balances of these funds remaining at the end of the first fiscal year of the biennium are appropriated for the same purposes in the second fiscal year of the biennium.

Participating hospitals must submit any program data requested by DSHS. DSHS shall prepare a summary report identifying hospitals, the amount granted to each hospital, the number of apprentices, and the specialty area of each apprentice, to be posted on the agency's website no later than October 1, 2026.

- 37. Paternity Registry Upgrade.** Out of funds appropriated above in Strategy A.1.2, Vital Statistics, the Department of State Health Services shall allocate \$200,000 in All Funds in fiscal year 2026 for system upgrades to the Texas Paternity Registry to allow for electronic search requests and processing.

Any unexpended and unobligated balances of these funds remaining at the end of the first fiscal year of the biennium are appropriated for the same purposes in the second year of the biennium.

- 38. Unexpended Balances: Emergency Medical Services Extraordinary Emergencies Allocation.** In accordance with Health and Safety Code Section 780.004(b), any unexpended balances from the \$500,000 reserved for extraordinary emergencies from the General Revenue-Dedicated Designated Trauma Facility and EMS Account No. 5111 remaining as of August 31, 2026, are appropriated to the Department of State Health Services for the fiscal year beginning September 1, 2026, for the same purpose.

- 39. Strategic National Stockpile for Health Emergency Preparedness and Response.** Out of the amounts appropriated above to the Department of State Health Services and to the extent federal funding is available for that purpose, the department, in coordination with the Task Force on Infectious Disease Preparedness and Response created under Subchapter J, Chapter 81, Health and Safety Code, may prepare and submit to the United States Department of Health and Human Services an application for a grant award under Section 319F-2, Public Health Service Act (42 U.S.C. Section 247d-6b), to establish, expand, or maintain a stockpile of appropriate medicines, medical devices, protective equipment, and other supplies determined necessary by this state to respond to a disaster declared by the governor or public health disaster or emergency declared by the commissioner of state health services under state law or a major disaster or emergency declared by the President of the United States under federal law.

Exhibit 28

Texas Comptroller Webpages
Regarding Fees/Costs

Revenue Object 3554 – Food and Drug Fees – Consumable Hemp

Active

Issue Date: 2019-09-01

Revised Date:

Legal Citations

Health and Safety Code [sec. 443.103](#), [sec. 443.2025](#)

Object Type

Cash — Health

Origin Date

H.B. 1325, 86th Leg., R.S.

Description

Consumable hemp product manufacturers must hold a license. The department may charge a fee for the application of a license. Retailers of consumable hemp products must register each location with the department. The department may charge registration fees.

Due Date

On application and as determined by the department.

Collecting Agencies

[537 – Department of State Health Services](#)

Deposit Funds

[0001 – General Revenue Fund](#)

Note

USAS Values

Appropriation Year	26
USAS Title	FOOD AND DRUG FEES
Receipt Category	12 – Health
Receipt Type	10 – Business/Professional Fees
Object Group	30 – Revenues
USAS Status	A
Rev/Exp Category	01 – LICENSES, FEES, FINES, AND PENALTIES

State of Texas Cash Activity (Cash Drilldown)

Texas Comptroller of Public Accounts

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Activity for Agency 537 - Department of State Health Services
Object 3554 - Food and Drug Fees
Fund 0001 - General Revenue Fund
Fiscal Year 2026 - By Month

Month	Revenue	Expenditures	Download to Excel Net Activity
September	265,794.27	0.00	265,794.27
October	511,951.88	0.00	511,951.88
November	648,929.79	0.00	648,929.79
December	880,550.05	0.00	880,550.05
January	1,198,866.07	0.00	1,198,866.07
February	1,521,434.23	0.00	1,521,434.23
March	2,297,676.22	0.00	2,297,676.22

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