

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-31-25

Date

Honorable Dan Patrick
President of the Senate

Honorable Dustin Burrows
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 46 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Charles Perry
Charles Perry
Joe Menendez
Joe Menendez
Bryan Hughes
Bryan Hughes
Paul Belavacost
Paul Belavacost
TAN PARKER
On the part of the Senate
TAN PARKER

Ken King
Ken King
K. PIERSON
K. PIERSON
Chris Turner
Chris Turner
C. E. L.
On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 46

A BILL TO BE ENTITLED

AN ACT

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

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

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

(a) The department shall:

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

(2) register directors, owners, managers, members, and employees of each dispensing organization.

SECTION 2. Section 487.054, Health and Safety Code, is amended by adding Subsections (c) and (d) to read as follows:

(c) Information within the registry regarding patient identification, including the fact that a person is listed as a patient in the registry, is confidential and may only be accessed by the department, registered physicians, and dispensing organizations for the purposes of this chapter. Confidential information under this subsection may not be disclosed except as authorized under this chapter and is not subject to disclosure under Chapter 552, Government Code.

(d) Notwithstanding Subsection (c), on request by a patient, the department may release patient information contained in the

1 registry to the patient or a person designated by the patient.

2 SECTION 3. Section 487.101, Health and Safety Code, is
3 amended to read as follows:

4 Sec. 487.101. LICENSE REQUIRED. (a) A license issued by the
5 department under this chapter is required to operate a dispensing
6 organization.

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

10 (1) the address of the satellite location was included in
11 the application; or

12 (2) the dispensing organization obtains approval from the
13 department under Section 487.1035.

14 SECTION 4. Section 487.102, Health and Safety Code, is
15 amended to read as follows:

16 Sec. 487.102. ELIGIBILITY FOR LICENSE. An applicant for a
17 license to operate as a dispensing organization is eligible for
18 the license if:

19 (1) as determined by the department, the applicant
20 possesses:

21 (A) the technical and technological ability to cultivate and
22 produce low-THC cannabis;

23 (B) the ability to secure:

24 (i) the resources and personnel necessary to operate as a
25 dispensing organization; and

26 (ii) premises reasonably located to allow patients listed on
27 the compassionate-use registry access to the organization through

existing infrastructure;

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

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

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

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

SECTION 5. Section 487.103(b), Health and Safety Code, is amended to read as follows:

(b) The application must include:

(1) the name and address of the applicant;

(2)[,] the name and address of each of the applicant's directors, owners, managers, members, and employees;

(3) the address of any satellite location that will be used by the applicant for secure storage of low-THC cannabis under Section 487.1035;[,] and

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

SECTION 6. Subchapter C, Chapter 487, Health and Safety Code, is amended by adding Section 487.1035 to read as follows:

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

5 (b) A satellite location must be approved by the department
6 before a dispensing organization may operate the location. A
7 dispensing organization may apply for approval in the form and
8 manner prescribed by the department.

9 (c) The department must act on an application submitted
10 under Subsection (b) not later than the 180th day after the date
11 the application is submitted to the department.

12 (d) The director shall adopt rules regarding the design and
13 security requirements for satellite locations.

14 (e) A dispensing organization may not operate more than one
15 satellite location in a public health region designated under
16 Section 121.007 until the dispensing organization operates one
17 satellite location in each public health region.

18 (f) A location previously approved by the department as a
19 patient pickup location before September 1, 2025, is considered to
20 be approved as a satellite location under Subsection (b) for
21 purposes of this section and is permitted to:

22 (1) operate as a patient pickup location; and

23 (2) securely store low-THC cannabis for distribution.

24 SECTION 7. Section 487.104, Health and Safety Code, is
25 amended by amending Subsection (b) and adding Subsections (b-1),
26 (d), (d-1), (e), and (f) to read as follows:

27 (b) Except as provided by Subsection (b-1), if [If] the

1 department denies the issuance or renewal of a license under
2 Subsection (a), the applicant is entitled to a hearing. Chapter
3 2001, Government Code, applies to a proceeding under this section.

4 (b-1) If the department denies the issuance of a license
5 under this section to an applicant that has never held a license
6 under this section, the applicant is not entitled to a hearing.

7 (d) The department shall issue 15 licenses under this
8 section to dispensing organizations in this state provided that
9 the department receives applications from a sufficient number of
10 applicants meeting the requirements for eligibility under this
11 subchapter.

12 (d-1) The department shall issue initial licenses to
13 dispensing organizations under this section based on a competitive
14 evaluation of applicant qualifications relative to other
15 applicants.

16 (e) The department shall issue and renew licenses under this
17 section in a manner that ensures adequate access to low-THC
18 cannabis for patients registered in the compassionate-use registry
19 in each public health region designated under Section 121.007.

20 (f) The director shall adopt rules to establish a timeline
21 for reviewing and taking action on an application submitted under
22 this section.

23 SECTION 8. Subchapter C, Chapter 487, Health and Safety
24 Code, is amended by adding Section 487.1045 to read as follows:

25 Sec. 487.1045. REQUIREMENT OF LICENSE HOLDER TO BEGIN AND
26 MAINTAIN OPERATIONS. (a) An applicant issued a license to operate
27 a dispensing organization must begin dispensing low-THC cannabis

1 not later than 24 months after the date the license is issued and
2 continue dispensing low-THC cannabis during the term of a license
3 issued under this subchapter.

4 (b) The director shall adopt rules to:

5 (1) monitor whether a dispensing organization is using a
6 license issued under this subchapter to dispense low-THC cannabis;
7 and

8 (2) revoke the license of a dispensing organization that
9 does not dispense low-THC cannabis within the time required by
10 this section or that discontinues dispensing low-THC cannabis
11 during the term of a license.

12 SECTION 9. Section 487.105, Health and Safety Code, is
13 amended by amending Subsections (a) and (b) and adding Subsection
14 (c-1) to read as follows:

15 (a) An applicant for the issuance or renewal of a license to
16 operate as a dispensing organization shall provide the department
17 with the applicant's name and the name of each of the applicant's
18 directors, owners, managers, members, and employees.

19 (b) Before a dispensing organization licensee hires a
20 manager or employee for the organization, the licensee must provide
21 the department with the name of the prospective manager or
22 employee. The licensee may not transfer the license to another
23 person before that prospective applicant and the applicant's
24 directors, owners, managers, members, and employees pass a
25 criminal history background check and are registered as required
26 by Subchapter D.

27 (c-1) This section does not apply to a director, owner,

1 manager, member, or employee who does not exercise direct control
2 over the daily operations of the dispensing organization.

3 SECTION 10. Section 487.107, Health and Safety Code, is
4 amended by adding Subsection (c) to read as follows:

5 (c) A dispensing organization may not dispense to a person
6 low-THC cannabis in a:

7 (1) package or container that contains more than a total of
8 one gram of tetrahydrocannabinols; or

9 (2) medical device for pulmonary inhalation that contains
10 more than one gram of tetrahydrocannabinols.

11 SECTION 11. Subchapter C, Chapter 487, Health and Safety
12 Code, is amended by adding Section 487.1071 to read as follows:

13 Sec. 487.1071. CANNABINOIDS ELIGIBLE FOR DISPENSING. (a)
14 In this section, "phytocannabinoid" means a chemical substance:

15 (1) created naturally by a plant of the species Cannabis
16 sativa L. that is separated from the plant by a mechanical or
17 chemical extraction process;

18 (2) created naturally by a plant of the species Cannabis
19 sativa L. that binds to or interacts with the cannabinoid receptors
20 of the endocannabinoid system; or

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

23 (b) A dispensing organization may not dispense a low-THC
24 cannabis product that contains a cannabinoid that is not a
25 phytocannabinoid.

26 SECTION 12. Section 487.151(a), Health and Safety Code, is
27 amended to read as follows:

1 (a) An individual who is a director, owner, manager, member,
2 or employee of a dispensing organization must apply for and obtain
3 a registration under this section.

4 SECTION 13. Section 487.201, Health and Safety Code, is
5 amended to read as follows:

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

12 SECTION 14. Section 169.001, Occupations Code, is amended to
13 read as follows:

14 Sec. 169.001. DEFINITIONS. In this chapter:

15 (1) "Chronic pain" means pain that is not relieved with
16 acute, post-surgical, post-procedure, or persistent non-chronic
17 pain treatment and is associated with a chronic pathological
18 process that causes continuous or intermittent severe pain for
19 more than 90 days and for which tetrahydrocannabinol is a viable
20 method of treatment.

21 (1-a) "Department" means the Department of Public Safety.

22 (1-b) "Executive commissioner" means the executive
23 commissioner of the Health and Human Services Commission.

24 (2) [(1-a)] "Incurable neurodegenerative disease" means a
25 disease designated as an incurable neurodegenerative disease by
26 rule of the executive commissioner [of the Health and Human
27 Services Commission], adopted in consultation with the National

Institutes of Health.

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

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

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

SECTION 15. Section 169.003, Occupations Code, is amended to read as follows:

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

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

(2) the physician complies with the registration requirements of Section 169.004; and

(3) the physician certifies to the department that:

(A) the patient is diagnosed with:

(i) epilepsy;

(ii) a seizure disorder;

(iii) multiple sclerosis;

(iv) spasticity;
(v) amyotrophic lateral sclerosis;
(vi) autism;
(vii) cancer;
(viii) an incurable neurodegenerative disease;
(ix) post-traumatic stress disorder;
(x) a condition that causes chronic pain;
(xi) traumatic brain injury;
(xii) a terminal illness or a condition for which a patient
is receiving hospice or palliative care; or

(xiii) [(x)] a medical condition that is approved for a
research program under Subchapter F, Chapter 487, Health and Safety
Code, and for which the patient is receiving treatment under that
program; and

(B) the physician determines the risk of the medical use of
low-THC cannabis by the patient is reasonable in light of the
potential benefit for the patient.

(b) Each prescription issued by a physician to a patient for
low-THC cannabis:

(1) may only provide for a 90-day supply of low-THC cannabis
based on the dosage prescribed to the patient; and

(2) may provide up to four refills of a 90-day supply of
low-THC cannabis.

(c) A physician may prescribe more than one package in a 90-
day period.

(d) A physician may submit to the Department of State Health
Services a request that the department report to the legislature

1 that low-THC cannabis may be beneficial to treat a specific medical
2 condition not listed in Subsection (a)(3)(A). The request must be
3 accompanied by medical evidence such as peer-reviewed published
4 research demonstrating that low-THC cannabis may be beneficial to
5 treat that medical condition. The executive commissioner by rule
6 shall prescribe the manner in which a physician may submit a
7 request under this subsection.

8 SECTION 16. Chapter 169, Occupations Code, is amended by
9 adding Section 169.006 to read as follows:

10 Sec. 169.006. ADMINISTRATION OF LOW-THC CANNABIS BY
11 PULMONARY INHALATION. (a) A physician may prescribe pulmonary
12 inhalation of an aerosol or vapor as a means of administration of
13 low-THC cannabis if the physician determines that based on the
14 patient's condition there is a medical necessity for that means of
15 administration.

16 (b) Notwithstanding any other provision of this chapter,
17 low-THC cannabis prescribed under Subsection (a) for pulmonary
18 inhalation may exceed one percent by weight of
19 tetrahydrocannabinols in each dosage unit of the substance to be
20 aerosolized or vaporized. The prescription under Subsection (a)
21 must specify the amount of tetrahydrocannabinols in each dosage
22 unit to be administered by pulmonary inhalation that is medically
23 necessary based on the patient's condition.

24 (c) The executive commissioner shall adopt rules:

25 (1) related to medical devices for pulmonary inhalation of
26 low-THC cannabis; and

27 (2) establishing a reasonable timeline for reviewing and

1 granting approval for medical devices for pulmonary inhalation.

2 SECTION 17. Not later than October 1, 2025:

3 (1) the director of the Department of Public Safety shall
4 adopt the rules necessary to implement the changes in law made by
5 this Act to Chapter 487, Health and Safety Code; and

6 (2) the executive commissioner of the Health and Human
7 Services Commission shall adopt the rules necessary to implement
8 Section 169.006, Occupations Code, as added by this Act.

9 SECTION 18. Provided that applicants for a license to
10 operate as a dispensing organization have met the requirements for
11 approval provided by Subchapter C, Chapter 487, Health and Safety
12 Code, as amended by this Act, the Department of Public Safety
13 shall:

14 (1) not later than December 1, 2025, license at least nine
15 new dispensing organizations from applications submitted before
16 July 1, 2025; and

17 (2) not later than April 1, 2026, in addition to any licenses
18 issued by the Department of Public Safety under Subdivision (1) of
19 this section, license at least three new dispensing organizations
20 from applications submitted at any time.

21 SECTION 19. This Act takes effect September 1, 2025.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

No equivalent provision.

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

(a) The department shall:

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

(2) register directors, owners, managers, members, and employees of each dispensing organization.

SECTION 2. Section 487.054, Health and Safety Code, is amended by adding Subsections (c) and (d) to read as follows:

(c) Information within the registry regarding patient identification, including the fact that a person is listed as a patient in the registry, is confidential and may only be accessed by the department, registered physicians, and dispensing organizations for the purposes of this chapter. Confidential information under this subsection may not be

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

(5) "Owner" means any individual who, directly or indirectly, owns, actually or beneficially, any interest of a dispensing organization and who:

(A) owns more than 10 percent of the dispensing organization, if the organization is a publicly traded or privately held corporation; or

(B) is a governing person or an officer, as those terms are defined by Section 1.002, Business Organizations Code, of the dispensing organization. [FA1]

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

(a) The department shall:

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

(2) register directors, owners, managers, and employees of each dispensing organization.

No equivalent provision.

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

Same as House version.

SECTION 1. Same as House version.

SECTION 2. Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

disclosed except as authorized under this chapter and is not subject to disclosure under Chapter 552, Government Code.

(d) Notwithstanding Subsection (c), on request by a patient, the department may release patient information contained in the registry to the patient or a person designated by the patient.

SECTION 3. Section 487.101, Health and Safety Code, is amended.

Sec. 487.101.

SECTION 4. Section 487.102, Health and Safety Code, is amended to read as follows:

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

- (1) as determined by the department, the applicant possesses:
 - (A) the technical and technological ability to cultivate and produce low-THC cannabis;
 - (B) the ability to secure:
 - (i) the resources and personnel necessary to operate as a dispensing organization; and
 - (ii) premises reasonably located to allow patients listed on the compassionate-use registry access to the organization through existing infrastructure;
 - (C) the ability to maintain accountability for the raw materials, the finished product, and any by-products used or

SECTION 3. Sections 487.101 and 487.102, Health and Safety Code, are amended.

Sec. 487.101. Same as House version.

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

- (1) as determined by the department, the applicant possesses:
 - (A) the technical and technological ability to cultivate and produce low-THC cannabis;
 - (B) the ability to secure:
 - (i) the resources and personnel necessary to operate as a dispensing organization; and
 - (ii) premises reasonably located to allow patients listed on the compassionate-use registry access to the organization through existing infrastructure;
 - (C) the ability to maintain accountability for the raw materials, the finished product, and any by-products used or

SECTION 3. Sections 487.101 and 487.102, Health and Safety Code, are amended.

Sec. 487.101. Same as House version.

SECTION 4. Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

produced in the cultivation or production of low-THC cannabis to prevent unlawful access to or unlawful diversion or possession of those materials, products, or by-products; and
(D) the financial ability to maintain operations for not less than two years from the date of application;
(2) each director, owner, manager, member, or employee of the applicant is registered under Subchapter D; and
(3) the applicant satisfies any additional criteria determined by the director to be necessary to safely implement this chapter.

SECTION 5. Section 487.103(b), Health and Safety Code, is amended to read as follows:
(b) The application must include:
(1) the name and address of the applicant;
(2)[;] the name and address of each of the applicant's directors, owners, managers, members, and employees;
(3) the address of any satellite location that will be used by the applicant for secure storage of low-THC cannabis under Section 487.1035;[;] and
(4) any other information considered necessary by the department to determine the applicant's eligibility for the license.

SECTION 6. Subchapter C, Chapter 487, Health and Safety Code, is amended by adding Section 487.1035 to read as follows:

(a)-(b)

produced in the cultivation or production of low-THC cannabis to prevent unlawful access to or unlawful diversion or possession of those materials, products, or by-products; and
(D) the financial ability to maintain operations for not less than two years from the date of application;
(2) each director, owner, manager, or employee of the applicant is registered under Subchapter D; and
(3) the applicant satisfies any additional criteria determined by the director to be necessary to safely implement this chapter.

SECTION 4. Section 487.103(b), Health and Safety Code, is amended to read as follows:
(b) The application must include:
(1) the name and address of the applicant;
(2)[;] the name and address of each of the applicant's directors, owners, managers, and employees;
(3) the address of any satellite location that will be used by the applicant for secure storage of low-THC cannabis under Section 487.1035;[;] and
(4) any other information considered necessary by the department to determine the applicant's eligibility for the license.

SECTION 5. Same as House version except as follows:

(a)-(b) Same as House version.

SECTION 5. Same as House version.

SECTION 6. Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

(c) The department must act on an application submitted under Subsection (b) not later than the **180th day** after the date the application is submitted to the department.

(d)

(e) A dispensing organization may not operate more than one satellite location in a public health region designated under Section 121.007 until the dispensing organization operates one satellite location in each public health region.

(f) A location previously approved by the department as a patient pickup location before September 1, 2025, is considered to be approved as a satellite location under Subsection (b) for purposes of this section and is permitted to:
(1) operate as a patient pickup location; and
(2) securely store low-THC cannabis for distribution.

SECTION 7. Section 487.104, Health and Safety Code, is amended by ***amending Subsection (b) and adding Subsections (b-1)***, (d), (d-1), (e), and (f) to read as follows:

(b) Except as provided by Subsection (b-1), if [Hf] the department denies the issuance or renewal of a license under Subsection (a), the applicant is entitled to a hearing. Chapter 2001, Government Code, applies to a proceeding under this section.

SENATE VERSION (IE)

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

(d) Same as House version.

No equivalent provision.

No equivalent provision.

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

No equivalent provision.

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTION 7. Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

(b-1) If the department denies the issuance of a license under this section to an applicant that has never held a license under this section, the applicant is not entitled to a hearing.

(d) The department shall issue **15 licenses** under this section to dispensing organizations in this state provided that the department receives applications from a sufficient number of applicants meeting the requirements for **eligibility** under this subchapter.

(d-1) The department shall issue initial licenses to dispensing organizations under this section based on a competitive evaluation of applicant qualifications relative to other applicants.

(e)-(f)

SECTION 8. Subchapter C, Chapter 487, Health and Safety Code, is amended by adding Section 487.1045 to read as follows:

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

No equivalent provision.

(d) The department shall issue **12 licenses** under this section to dispensing organizations in this state provided that the department receives applications from a sufficient number of applicants meeting the requirements for **approval** under this subchapter. [FA2(1)]

(e) The department shall issue initial licenses to dispensing organizations under this section:

(1) based on a competitive evaluation of applicant qualifications relative to other applicants; and

(2) giving preference to a dispensing organization:

(A) that has or plans to have the organization's principal place of business in this state; or

(B) each owner of which is a resident of this state. [FA3]

(f)-(g) Same as House version.

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

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

SECTION 8. Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

issued under this subchapter.

(b) The **director** shall adopt rules to:

(1) monitor whether a dispensing organization is **using** a license issued under this subchapter to dispense low-THC cannabis; and

(2) revoke the license of a dispensing organization that does not dispense low-THC cannabis within the time required by this section or that

discontinues dispensing low-THC cannabis during the term of a license.

SECTION 9. Section 487.105, Health and Safety Code, is amended by amending Subsections (a) and (b) and **adding Subsection (c-1)** to read as follows:

SENATE VERSION (IE)

issued under this subchapter.

(b) The **department** shall adopt rules to:

(1) establish a minimum amount of dispensing activity in which a dispensing organization must engage to maintain a license under this chapter;

(2) monitor whether a dispensing organization is **actively using** a license issued under this subchapter to dispense low-THC cannabis **and the amount of dispensing activity engaged in by the organization; and**

(3) revoke the license of a dispensing organization that:

(A) does not dispense low-THC cannabis within the time required by this section; or

(B) **after the 24-month period following initial licensure,** discontinues dispensing low-THC cannabis **or fails to meet the minimum dispensing activity requirement under Subdivision (1)** during the term of a license.

Sec. 487.1046. LOCATION. (a) A license holder may not operate as a dispensing organization or establish a satellite location within 1,000 feet of the premises of a school that exists on the date of the approval of the license holder's initial application for licensure as a dispensing organization or approval of a satellite location, as applicable.

(b) In this section, "school" and "premises" have the meanings assigned by Section 481.134.

SECTION 8. Sections 487.105(a) and (b), Health and Safety Code, are amended to read as follows:

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTION 9. Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

(a) An applicant for the issuance or renewal of a license to operate as a dispensing organization shall provide the department with the applicant's name and the name of each of the applicant's directors, owners, managers, members, and employees.

(b) Before a dispensing organization licensee hires a manager or employee for the organization, the licensee must provide the department with the name of the prospective manager or employee. The licensee may not transfer the license to another person before that prospective applicant and the applicant's directors, owners, managers, members, and employees pass a criminal history background check and are registered as required by Subchapter D.

(c-1) This section does not apply to a director, owner, manager, member, or employee who does not exercise direct control over the daily operations of the dispensing organization.

No equivalent provision.

SECTION 10. Subchapter C, Chapter 487, Health and Safety

SENATE VERSION (IE)

(a) An applicant for the issuance or renewal of a license to operate as a dispensing organization shall provide the department with the applicant's name and the name of each of the applicant's directors, owners, managers, and employees.

(b) Before a dispensing organization licensee hires a manager or employee for the organization, the licensee must provide the department with the name of the prospective manager or employee. The licensee may not transfer the license to another person before that prospective applicant and the applicant's directors, owners, managers, and employees pass a criminal history background check and are registered as required by Subchapter D.

No equivalent provision.

SECTION 9. Section 487.107, Health and Safety Code, is amended by adding Subsection (c) to read as follows:

(c) A dispensing organization may not dispense to a person low-THC cannabis in a:

(1) package or container that contains more than a total of one gram of tetrahydrocannabinols; or

(2) medical device for pulmonary inhalation that contains more than one gram of tetrahydrocannabinols.

SECTION 10. Same as House version.

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTION 10. Same as Senate version.

SECTION 11. Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

Code, is amended.

SECTION 11. Section 487.151(a), Health and Safety Code, is amended to read as follows:

(a) An individual who is a director, owner, manager, ***member***, or employee of a dispensing organization must apply for and obtain a registration under this section.

SECTION 12. Section 487.201, Health and Safety Code, is amended.

SECTION 13. Section 169.001, Occupations Code, is amended by adding Subdivisions (2) and (6) and amending Subdivisions (3), (4), and (5) to read as follows:

No equivalent provision.

(2) "Executive commissioner" means the executive commissioner of the Health and Human Services Commission.

No equivalent provision.

SECTION 11. Section 487.151(a), Health and Safety Code, is amended to read as follows:

(a) An individual who is a director, owner, manager, or employee of a dispensing organization must apply for and obtain a registration under this section.

SECTION 12. Same as House version.

SECTION 13. Section 169.001, Occupations Code, is amended to read as follows:

Sec. 169.001. DEFINITIONS. In this chapter:

No equivalent provision.

(1) "Chronic pain" means pain that is not relieved with acute, post-surgical, post-procedure, or persistent non-chronic pain treatment and is associated with a chronic pathological process that causes continuous or intermittent pain for more than 90 days from the date of the initial prescription prescribing treatment with an opioid.

SECTION 12. Same as House version.

SECTION 13. Same as House version.

SECTION 14. Section 169.001, Occupations Code, is amended to read as follows:

Sec. 169.001. Same as Senate version.

(See Subdivision (1-b) below.)

(1) "Chronic pain" means pain that is not relieved with acute, post-surgical, post-procedure, or persistent non-chronic pain treatment and is associated with a chronic pathological process that causes continuous or intermittent severe pain for more than 90 days and for which tetrahydrocannabinol is a viable method of treatment.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

(See Subdivision (2) above.)

No equivalent provision.

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

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

(5)

(6) "Veteran" means a person who has served in:
(A) the army, navy, air force, coast guard, or marine corps of

SENATE VERSION (IE)

(1-a) "Department" means the Department of Public Safety.

No equivalent provision.

(2) [(1-a)] "Incurable neurodegenerative disease" means a disease designated as an incurable neurodegenerative disease by rule of the executive commissioner of the Health and Human Services Commission, adopted in consultation with the National Institutes of Health. [FA4(1)]

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

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

(5) Same as House version.

No equivalent provision.

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

(1-a) Same as Senate version.

(1-b) "Executive commissioner" means the executive commissioner of the Health and Human Services Commission.

(2) [(1-a)] "Incurable neurodegenerative disease" means a disease designated as an incurable neurodegenerative disease by rule of the executive commissioner [~~of the Health and Human Services Commission~~], adopted in consultation with the National Institutes of Health.

(3) Same as Senate version.

(4) Same as Senate version.

(5) Same as House version.

Same as Senate version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

the United States;
(B) the state military forces as defined by Section 431.001,
Government Code; or
(C) an auxiliary service of one of those branches of the armed
forces.

No equivalent provision.

SECTION __. Section 169.002, Occupations Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:
(b) Except as otherwise provided by this section, a [A] physician is qualified to prescribe low-THC cannabis with respect to a patient's particular medical condition if the physician:
(1) is licensed under this subtitle;
(2) is board certified in a medical specialty relevant to the treatment of the patient's particular medical condition by a specialty board approved by the American Board of Medical Specialties or the Bureau of Osteopathic Specialists; and
(3) dedicates a significant portion of clinical practice to the evaluation and treatment of the patient's particular medical condition.
(d) A physician is qualified to prescribe low-THC cannabis for a patient diagnosed with chronic pain only if the physician:
(1) meets the qualifications described by Subsections (b)(1) and (3); and
(2) is board certified or holds a subspecialty certification in pain medicine by a specialty board as described in Subsection (b)(2). [FA4(5)]

Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTION 14. Section 169.003, Occupations Code, is amended to read as follows:

Sec. 169.003. PRESCRIPTION OF LOW-THC CANNABIS.
(a) A physician described by Section 169.002 may prescribe low-THC cannabis to a patient if:
(1) the patient is a permanent resident of the state;
(2) the physician complies with the registration requirements of Section 169.004; and
(3) the physician certifies to the department that:
(A) the patient:
(i) is diagnosed with:
(a) ~~[(i)]~~ epilepsy;
(b) ~~[(ii)]~~ a seizure disorder;
(c) ~~[(iii)]~~ multiple sclerosis;
(d) ~~[(iv)]~~ spasticity;
(e) ~~[(v)]~~ amyotrophic lateral sclerosis;
(f) ~~[(vi)]~~ autism;
(g) ~~[(vii)]~~ cancer;
(h) ~~[(viii)]~~ an incurable neurodegenerative disease;
(i) ~~[(ix)]~~ post-traumatic stress disorder; ~~[\0]~~
(j) a condition that causes chronic pain, for which a physician would otherwise prescribe an opioid;
(k) glaucoma;
(l) traumatic brain injury;
(m) spinal neuropathy;
(n) Crohn's disease or other inflammatory bowel disease;
(o) degenerative disc disease;
(p) a terminal illness or a condition for which a patient is

SECTION 14. Same as House version except as follows:

Sec. 169.003. PRESCRIPTION OF LOW-THC CANNABIS.
(a) A physician described by Section 169.002 may prescribe low-THC cannabis to a patient if:
(1) the patient is a permanent resident of the state;
(2) the physician complies with the registration requirements of Section 169.004; and
(3) the physician certifies to the department that:
(A) the patient
is diagnosed with:
(i) epilepsy;
(ii) a seizure disorder;
(iii) multiple sclerosis;
(iv) spasticity;
(v) amyotrophic lateral sclerosis;
(vi) autism;
(vii) cancer;
(viii) an incurable neurodegenerative disease;
(ix) post-traumatic stress disorder; ~~[\0]~~

(x) a terminal illness or a condition for which a patient is

SECTION 15. Same as House version except as follows:

Sec. 169.003. PRESCRIPTION OF LOW-THC CANNABIS.
(a) A physician described by Section 169.002 may prescribe low-THC cannabis to a patient if:
(1) the patient is a permanent resident of the state;
(2) the physician complies with the registration requirements of Section 169.004; and
(3) the physician certifies to the department that:
(A) the patient
is diagnosed with:
(i) epilepsy;
(ii) a seizure disorder;
(iii) multiple sclerosis;
(iv) spasticity;
(v) amyotrophic lateral sclerosis;
(vi) autism;
(vii) cancer;
(viii) an incurable neurodegenerative disease;
(ix) post-traumatic stress disorder; ~~[\0]~~
(x) a condition that causes chronic pain;

(xi) traumatic brain injury;

(xii) a terminal illness or a condition for which a patient is

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

receiving hospice *or palliative* care;

(q) [(*)] a medical condition that is approved for a research program under Subchapter F, Chapter 487, Health and Safety Code, and for which the patient is receiving treatment under that program; *or*

(r) a medical condition designated by the Department of State Health Services under Subsection (c); or

(ii) is an honorably discharged veteran who would benefit from medical use to address a medical condition; and

(B) the physician determines the risk of the medical use of low-THC cannabis by the patient is reasonable in light of the potential benefit for the patient.

(b) Each prescription issued by a physician to a patient for low-THC cannabis:

(1) may only provide for a 90-day supply of low-THC cannabis based on the dosage prescribed to the patient; and

(2) may provide up to **four** refills of a 90-day supply of low-THC cannabis.

No equivalent provision.

No equivalent provision.

SENATE VERSION (IE)

receiving hospice care; [FA4(2)]

(xi) chronic pain; or

(xii) a medical condition that is approved for a research program under Subchapter F, Chapter 487, Health and Safety Code, and for which the patient is receiving treatment under that program; *and* [FA4(3)]

(B) the physician determines the risk of the medical use of low-THC cannabis by the patient is reasonable in light of the potential benefit for the patient.

(b) Each prescription issued by a physician to a patient for low-THC cannabis:

(1) may only provide for **up to** a 90-day supply of low-THC cannabis based on the dosage prescribed to the patient; and

(2) may provide up to **three** refills of a 90-day supply of low-THC cannabis. [FA5]

No equivalent provision.

(c) The board by rule shall establish procedures for oversight and monitoring of physicians qualified to prescribe low-THC cannabis under this chapter to prevent low-THC cannabis prescription misuse. [FA4(4)]

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

receiving hospice *or palliative* care;

(xiii) [(*)] a medical condition that is approved for a research program under Subchapter F, Chapter 487, Health and Safety Code, and for which the patient is receiving treatment under that program; *and*

(B) the physician determines the risk of the medical use of low-THC cannabis by the patient is reasonable in light of the potential benefit for the patient.

(b) Same as House version.

(c) A physician may prescribe more than one package in a 90-day period.

Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(c) The Department of State Health Services may designate medical conditions for which a physician may prescribe low-THC cannabis under this section. The executive commissioner shall adopt rules for the approval of medical conditions under this section.

No equivalent provision.

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

Same as Senate version.

(d) *If a patient is diagnosed with a medical condition not listed in Subsection (a)(3)(A)(i),* a physician may submit to the Department of State Health Services a request *for* the department *to designate the condition as a medical condition for which a physician may prescribe low-THC cannabis under this section.* The request must be accompanied by medical evidence such as peer-reviewed published research demonstrating that low-THC cannabis may be beneficial to treat that medical condition. The executive commissioner by rule shall prescribe the manner in which a physician may submit a request under this subsection.

No equivalent provision.

(d) A physician may submit to the Department of State Health Services a request *that* the department *report to the legislature that low-THC cannabis may be beneficial to treat a specific medical condition not listed in Subsection (a)(3)(A).* The request must be accompanied by medical evidence such as peer-reviewed published research demonstrating that low-THC cannabis may be beneficial to treat that medical condition. The executive commissioner by rule shall prescribe the manner in which a physician may submit a request under this subsection.

SECTION 15. Chapter 169, Occupations Code, is amended by adding Section 169.0031 to read as follows:

No equivalent provision.

Same as Senate version.

Sec. 169.0031. PRESCRIPTION MONITORING. (a) For each prescription issued for low-THC cannabis under this chapter, the physician must submit prescribing information to the Texas State Board of Pharmacy to be included in the official prescription information under Section 481.076, Health and Safety Code, in the same manner as for a prescription issued under Section 481.074 of that code.

(b) Information submitted to the Texas State Board of Pharmacy under this section may be accessed only as

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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provided under Section 481.076, Health and Safety Code.

(c) The Texas State Board of Pharmacy may adopt rules to implement this section.

SECTION 16. Chapter 169, Occupations Code, is amended by adding Section 169.006. to read as follows:

Sec. 169.006. ADMINISTRATION OF LOW-THC CANNABIS BY PULMONARY INHALATION. (a) A physician may prescribe pulmonary inhalation of an aerosol or vapor as a means of administration of low-THC cannabis if the physician determines that based on the patient's condition there is a medical necessity for that means of administration.

(b) Notwithstanding any other provision of this chapter, low-THC cannabis prescribed under Subsection (a) for pulmonary inhalation may exceed one percent by weight of tetrahydrocannabinols in each dosage unit of the substance to be aerosolized or vaporized. The prescription under Subsection (a) must specify the amount of tetrahydrocannabinols in each dosage unit to be administered by pulmonary inhalation that is medically necessary based on the patient's condition.

(c) The executive commissioner shall adopt rules:

(1) related to medical devices for pulmonary inhalation of low-THC cannabis; and

(2) establishing a reasonable timeline for reviewing and granting approval for medical devices for pulmonary inhalation.

SECTION 15. Chapter 169, Occupations Code, is amended by adding Section 169.006 to read as follows:

Sec. 169.006. ADMINISTRATION OF LOW-THC CANNABIS BY PULMONARY INHALATION. (a) A physician may prescribe pulmonary inhalation of an aerosol or vapor as a means of administration of low-THC cannabis if the physician determines that based on the patient's condition there is a medical necessity for that means of administration.

No equivalent provision.

SECTION 16. Same as House version.

(b) The executive commissioner of the Health and Human Services Commission shall adopt rules related to medical devices for pulmonary inhalation of low-THC cannabis.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SECTION 17. Not later than October 1, 2025:

(1) the director of the Department of Public Safety shall adopt the rules necessary to implement the changes in law made by this Act to Chapter 487, Health and Safety Code; and
(2) the executive commissioner of the Health and Human Services Commission shall adopt the rules necessary to implement ***Section 169.003, Occupations Code, as amended by this Act, and*** Section 169.006, Occupations Code, as added by this Act.

SECTION 18. Provided that applicants for a license to operate as a dispensing organization have met the requirements for approval provided by Subchapter C, Chapter 487, Health and Safety Code, as amended by this Act, the Department of Public Safety shall:

(1) not later than December 1, 2025, license at least nine new dispensing organizations from applications submitted before July 1, 2025; and
(2) not later than April 1, 2026, in addition to any licenses issued by the Department of Public Safety under Subdivision (1) of this section, license at least three new dispensing organizations from applications submitted at any time.

SECTION 19. (a) Not later than December 1, 2025, the Texas State Board of Pharmacy shall adopt rules to implement Section 169.0031, Occupations Code, as added by this Act.
(b) Section 169.0031, Occupations Code, as added by this Act, applies only to a prescription issued on or after January 1, 2026.

SENATE VERSION (IE)

No equivalent provision.

No equivalent provision.

No equivalent provision.

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTION 17. Not later than October 1, 2025:

(1) the director of the Department of Public Safety shall adopt the rules necessary to implement the changes in law made by this Act to Chapter 487, Health and Safety Code; and
(2) the executive commissioner of the Health and Human Services Commission shall adopt the rules necessary to implement Section 169.006, Occupations Code, as added by this Act.

SECTION 18. Same as House version.

Same as Senate version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

No equivalent provision.

SECTION 16. Notwithstanding Section 487.1046, Health and Safety Code, as added by this Act, a licensed dispensing organization that, on the effective date of this Act, is operating in a location that is within 1,000 feet of the premises of a school may continue to operate in that location.

Same as House version.

No equivalent provision.

SECTION 17. (a) Not later than October 1, 2025, the Department of Public Safety shall license three additional dispensing organizations in accordance with Section 487.104, Health and Safety Code, as amended by this Act, provided at least three applicants for a license to operate as a dispensing organization have met the requirements for approval provided by Subchapter C, Chapter 487, Health and Safety Code, as amended by this Act. The department may issue a new license as provided by this subsection only to a dispensing organization that applied for a license in 2023.
(b) Not later than April 1, 2026, the Department of Public Safety shall license at least 12 dispensing organizations in accordance with Section 487.104, Health and Safety Code, as amended by this Act, including those already licensed and actively operating as of the effective date of this Act and those licensed under Subsection (a) of this section, provided at least 12 applicants for a license to operate as a dispensing organization have met the requirements for approval provided by Subchapter C, Chapter 487, Health and Safety Code, as amended by this Act. [FA2(2);FA6(1)-(2)]

Same as House version.

No equivalent provision.

SECTION __. As soon as practicable after the effective date of this Act, the Texas Medical Board shall adopt the rules

Same as House version.

House Bill 46
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

required by Section 169.003(c), Occupations Code, as added by this Act. [FA4(5)]

SECTION 18. Not later than October 1, 2025:
(1) the Department of Public Safety shall propose the rules necessary to implement Sections 487.1035 and 487.1045, Health and Safety Code, as added by this Act; and
(2) the executive commissioner of the Health and Human Services Commission shall propose the rules necessary to implement Section 169.006, Occupations Code, as added by this Act. [FA7]

Same as House version.

No equivalent provision.

SECTION 20. This Act takes effect September 1, 2025.

SECTION 19. Same as House version.

SECTION 19. Same as House version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 31, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB46** by King (Relating to the medical use of low-THC cannabis under and the administration of the Texas Compassionate-Use Program; requiring registration.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB46, Conference Committee Report: a positive impact of \$7,843,590 through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	\$7,843,590
2027	\$0
2028	\$5,183,115
2029	\$0
2030	\$5,183,115

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain from <i>General Revenue Fund</i> 1
2026	\$7,843,590
2027	\$0
2028	\$5,183,115
2029	\$0
2030	\$5,183,115

Fiscal Analysis

The bill would amend certain rules related to the Texas Compassionate Use Program including the use of certain satellite locations, operations, packaging, licensing, application, administration, and prescribing of low-THC cannabis. Under the provisions of the bill, the Department of Public Safety (DPS) would also be able to issue 15 licenses to dispensing organizations. The bill would also permit the Department of State Health Services (DSHS) to designate certain medical conditions to fall under the Compassionate-Use Program.

Methodology

According to DPS, any costs associated with the bill could be absorbed using existing resources. However, DPS anticipates an increase in revenue related to additional dispensing organizations. In fiscal year 2026, DPS anticipates collecting \$110,340 in business application fees, \$7,327,800 in business original license fees, and \$405,450 in registrant original and renewal license fees. DPS assumes collections of \$4,777,665 in business renewal license fees and \$405,450 in registrant original and renewal license fees between fiscal years 2028 and 2030.

According to DSHS, any costs associated with the bill could be absorbed using existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 503 Texas Medical Board, 515 Board of Pharmacy, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JMc, CMA, WP, CSh, KVEL, NPe