

SENATE BILL REPORT

SHB 2335

As of February 21, 2018

Title: An act relating to business practices by marijuana retailers that may mislead the public as to the ownership of a retailer.

Brief Description: Concerning business practices by marijuana retailers that may mislead the public as to the ownership of a retailer.

Sponsors: House Committee on Commerce & Gaming (originally sponsored by Representatives Sawyer and Condotta).

Brief History: Passed House: 1/22/18, 93-2.

Committee Activity: Labor & Commerce: 2/19/18.

Brief Summary of Bill

- Prohibits marijuana retailers from advertising or representing themselves to the public in a manner that would cause a reasonable person to believe the marijuana retailer is under common ownership with, or otherwise affiliated with, another marijuana retailer or retailers, unless all the marijuana retailers are under common ownership.
- Defines "common ownership" as having at least one person with an ownership interest in all of the marijuana retailers in the advertisement or commercial representation.
- Specifies that the new prohibition does not prevent advertising a retailer's membership in a trade association.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Richard Rodger (786-7461)

Background: The marijuana retailer license is one of the commercial marijuana licenses issued by the Liquor and Cannabis Board (LCB). A marijuana retailer license authorizes the sale of marijuana products at retail from a retail outlet. A separate license is required for each retail outlet location.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

An individual marijuana retailer and all other persons or entities with a financial or other ownership interest in the business operating under the license are limited, in the aggregate, to holding a collective total of not more than five retail marijuana licenses.

Advertising practices by marijuana retailers and other commercial marijuana licensees are regulated and restricted in various ways. Advertising restrictions and prohibitions include, among others, the following:

- restrictions on the locations in which marijuana advertisements may be placed or maintained;
- restrictions on the use of billboards and the size and amount of signage outside a retail outlet;
- prohibitions on targeting youth in advertisements, on using objects such as toys or inflatables, and on using a commercial mascot, including a human being, animal, or mechanical device, to attract attention of motorists and passersby; and
- a prohibition on specifically targeting advertisements to persons residing outside of Washington.

The LCB has rulemaking authority to implement the advertising restrictions and prohibitions. The rules must establish escalating penalties including fines and up to suspension or revocation of a marijuana license for subsequent violations.

Summary of Bill: Licensed marijuana retailers are prohibited from advertising or representing themselves to the public in a manner that would cause a reasonable person to believe the marijuana retailer is under common ownership with, or otherwise affiliated with, another marijuana retailer or retailers, unless all the marijuana retailers are under common ownership.

"Common ownership" is defined as having at least one person with an ownership interest in all of the marijuana retailers in the advertisement or commercial representation.

The new prohibition does not prohibit a marijuana retailer from advertising or representing to the public the retailer's membership in a trade association.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The bill is about letting the public about the true ownership of licensed marijuana businesses who advertise to the public. Some marijuana retailers advertise to make it appear that a group of stores are acting under the same name. The bill would make it clear which stores can advertise under a single name. The bill is a simple clarification to last year's legislation.

Persons Testifying: PRO: Representative David Sawyer, Prime Sponsor; Vickie Christophersen, CannaBusiness Association; Chris Thompson, LCB.

Persons Signed In To Testify But Not Testifying: No one.