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## Commerce & Gaming Committee

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### HB 2350

**Brief Description:** Preventing youth marijuana consumption by updating marijuana advertising requirements.

**Sponsors:** Representatives Kirby, Blake, MacEwen, Davis, Jenkin, Young, Harris and Wylie.

#### Brief Summary of Bill

- Eliminates certain requirements for on-premise signs at marijuana retail outlets, while prohibiting signs from appealing to youth.
- Bans the use of billboards for advertising by licensed marijuana businesses.
- Limits the Liquor and Cannabis Board's (LCB) rule-making authority with respect to regulating signs and advertisements at the premises of marijuana licensees.
- Eliminates the requirement that the LCB consider federal laws relating to marijuana when establishing time, place, and manner restrictions on marijuana advertising.

**Hearing Date:** 1/21/20

**Staff:** Peter Clodfelter (786-7127).

#### Background:

Advertising by licensed marijuana businesses is regulated in state law and rules, with enforcement by the Washington State Liquor and Cannabis Board (LCB). Except for the use of billboards, licensed marijuana retailers may not display any signage outside of their licensed premises other than two signs that are no larger than 1,600 square inches and permanently affixed to a building or other structure. These two signs are limited to text that identifies the retail outlet by the licensee's business or trade name, states the location of the business, and identifies the type or nature of the business. The signs may not contain any depictions of marijuana plants, marijuana products, or images that might be appealing to children.

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*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.*

The LCB has rulemaking authority to regulate the text and images that are permissible on outdoor advertising. All signs, billboards, or other print advertising for marijuana businesses or marijuana products must contain text stating marijuana products may be purchased or possessed only by persons age 21 or older. Outdoor advertising is prohibited on signs and placards in arenas, stadiums, shopping malls, fairs that receive state allocations, farmers markets, and video game arcades, but not including any sign or placard located in an adult-only facility. State law generally prohibits billboard advertising by licensees; however, retail outlets may use a billboard or outdoor sign solely for the purpose of identifying the name of the business, the nature of the business, and providing the public with directional information to the retail outlet.

Placing a sign or advertisement for a marijuana business or product is prohibited within 1,000 feet of the perimeter of a school grounds, playground, recreation center or facility, child care center, public park, or library, or any game arcade admission to which is not restricted to persons aged 21 and older. Also, marijuana licensees may not engage in advertising or other marketing practices that specifically target persons residing outside of Washington. Additionally, all transit advertising by marijuana licensees is prohibited. Transit advertising is advertising on or within private or public vehicles and all advertisements placed at any bus stop, taxi stand, transportation waiting area, train station, airport, or any similar transit-related location.

A marijuana licensee may not take any action, directly or indirectly, to do any of the following:

- target youth in the advertising, promotion, or marketing of marijuana and marijuana products, or take any action the primary purpose of which is to initiate, maintain, or increase the incidence of youth use of marijuana or marijuana products;
- use objects like toys or inflatables, movie or cartoon characters, or any other depiction or image likely to be appealing to youth, where objects, images, or depictions indicate an intent to cause youth to become interested in purchasing or consuming marijuana; or
- use or employ a commercial mascot outside of a licensed marijuana business. Commercial mascots include inflatable tube displays, persons in costume, or wearing, holding, or spinning a sign with a marijuana-related commercial message or image, where the intent is to draw attention to a marijuana business or its products.

In addition to the above advertising provisions, state law directs the LCB to adopt rules establishing reasonable time, place, and manner restrictions on marijuana advertising, taking into consideration the following: (1) federal laws relating to marijuana that are applicable within Washington; (2) minimizing exposure of people under 21 years of age to the advertising; and (3) ensuring that retail outlets with medical marijuana endorsements may advertise themselves as medical retail outlets. Local governments may also adopt rules on outdoor advertising by licensed marijuana retailers that are more restrictive than the advertising restrictions in state law.

### **Summary of Bill:**

The requirement is eliminated that licensed marijuana retailers may not display signage outside of their premises other than two signs identifying the retail outlet by the licensee's business or trade name, stating the location of the business, and identifying the nature of the business. Additionally, the requirements are eliminated that each sign on a marijuana retailer's premise be no larger than 1,600 square inches, be permanently affixed to a building or other structure, and not contain depictions of marijuana plants or marijuana products.

While these requirements are eliminated, an additional requirement is added that licensed marijuana retailers may not display signage outside of their licensed premises that is appealing to youth or violates other remaining applicable requirements for advertisements. Additionally, outdoor advertising by marijuana licensees is prohibited on any billboard in Washington. Accordingly, all references to permitted marijuana billboards are eliminated.

The rule-making authority of the Liquor and Cannabis Board (LCB) related to regulating on-premises signs and on-premises advertisements of marijuana licensees is limited to rules designed to prevent signs and advertisements from being appealing to children and persons under 21 years of age. It is provided that nothing authorizes the LCB to limit the number or size of on-premise signs or advertisements used by marijuana licensee at their licensed location.

Last, the obligation of the LCB to consider federal laws relating to marijuana that are applicable within Washington, when the LCB establishes reasonable time, place, and manner restrictions on advertising marijuana products, is eliminated.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.