

HOUSE BILL REPORT

ESB 5206

As Passed House - Amended:

April 16, 2025

Title: An act relating to cannabis retailer advertising.

Brief Description: Concerning cannabis retailer advertising.

Sponsors: Senators MacEwen, Gildon and Stanford.

Brief History:

Committee Activity:

Consumer Protection & Business: 3/26/25, 4/1/25 [DPA].

Floor Activity:

Passed House: 4/16/25, 72-23.

Brief Summary of Engrossed Bill (As Amended by House)

- Modifies cannabis advertising restrictions by: (1) increasing the allowed number of certain cannabis-related advertising signs at retail outlets from two to four; (2) allowing up to two additional trade name signs; (3) excluding signs less than 512 square inches with certain content from being considered advertising; and (4) making additional changes.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass as amended. Signed by 14 members: Representatives Walen, Chair; McClintock, Ranking Minority Member; Abbarno, Berry, Corry, Donaghy, Fosse, Kloba, Morgan, Reeves, Ryu, Santos, Steele and Volz.

Staff: Peter Clodfelter (786-7127).

Background:

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

Except for the use of billboards, licensed cannabis retailers may not display signage outside of the licensed 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. Each sign must be no larger than 1,600 square inches and be permanently affixed to a building or other structure.

Advertising signs within the premises of a cannabis retail outlet that are visible to the public from outside the premises must meet the signage regulations and requirements applicable to outdoor signs. However, merchandising within a retail outlet is not advertising for purposes of the advertising restrictions.

All signs, billboards, or other print advertising for cannabis businesses or cannabis products must contain text stating that the products may be purchased or possessed only by persons 21 years of age or older.

A cannabis licensee may not take any action, directly or indirectly, to target youth in the advertising, promotion, or marketing of cannabis and cannabis products, or take any action the primary purpose of which is to initiate, maintain, or increase the incidence of youth use of cannabis or cannabis products.

A cannabis licensee also may not use objects such as toys or inflatables, movie or cartoon characters, or any other depiction or image likely to be appealing to youth, where the objects, images, or depictions indicate an intent to cause youth to become interested in the purchase or consumption of cannabis products.

Outdoor advertising is prohibited in certain areas including on signs and placards in arenas, stadiums, shopping malls, fairs that receive state allocations, farmers markets, and video game arcades, whether any of these locations are open air or enclosed, but not including any sign or placard located in an adult-only facility.

The restrictions on outdoor advertising do not apply to an outdoor advertisement at the site of an event to be held at an adult-only facility that is placed at the site during the period the facility or enclosed area constitutes an adult only facility. However, the outdoor advertisement may not be placed at the site more than 14 days before the event, and the outdoor advertisement may not advertise any cannabis product other than by using a brand name to identify the event.

Cities, towns, or counties may adopt rules of outdoor advertising by licensed cannabis retailers that are more restrictive than the advertising restrictions imposed under Washington law. Enforcement of restrictions on cannabis advertising by a local government is the responsibility of the local government.

Summary of Amended Bill:

The restrictions on licensed cannabis retailers' use of signage is modified as follows:

- It is specified that it is cannabis-related advertising signage on the licensed premises that is restricted, instead of signage outside of the licensed premises.
- The number of authorized advertisement signs on the licensed premises is changed from two signs to four signs, which must be affixed on the building of the licensed location or hanging in the window of the licensed location, instead of being permanently affixed to a building or other structure. These four advertisement signs must all be on the side of the building with the main entrance.
- It is specified that any advertising signs that are visible to the public from the public right-of-way, whether on the building or through a window of the building, will be considered advertising for purposes of the restrictions.
- It is specified that signs that are less than 512 square inches are not considered advertising if the sign does not include any brand names, trade names, or images of any cannabis product and only indicates information like hours of operation, business is open or closed, the presence of an automated teller machine (ATM), the word "welcome," required signs or notices, and community notices.
- Cannabis businesses are also authorized to use up to two trade name signs that are not counted toward the four authorized advertisement signs.
- It is specified that trade name signs may only reflect the trade name of the licensed business as it appears on the license and may not contain cannabis products or product brand names.
- One of the two trade name signs may be double sided, such as a pylon sign or monolith sign, and is considered to be one trade name sign if there is identical content on each side.
- Trade name signs must comply with local regulations related to the size of signs for the city, town, or county in which the cannabis retailer is located, and enforcement of the size of trade name signs and billboards is the responsibility of the city, town, or county in which the cannabis retailer is located.
- It is specified that nothing in the restrictions prohibits the use of other signage that does not represent cannabis or cannabis products, the business trade name, nature of the business, or contains only general information not related to the products or services of the cannabis business.
- It is specified that advertising signs within the premises of a retail cannabis business outlet that are "clearly visible," rather than only "visible," to the public from outside the premises must meet the signage regulations and requirements applicable to outdoor signs.

The following advertising restrictions are added to all cannabis advertisements:

- All signage, advertising, and billboard content by cannabis businesses is prohibited if the content portrays alcohol or its use, tobacco or nicotine or its use, any association with a motor vehicle, or operation of a motor vehicle.
- Businesses licensed by the Liquor and Cannabis Board (LCB) to sell vapor products, cigarettes, or tobacco products are prohibited from engaging in cannabis-related advertising.

- It is specified that, except for trade name signs, it is any advertisement for a cannabis business regardless of the form of medium used, and not only signs, billboards, or other print advertising by cannabis businesses, that must contain text that only persons 21 years of age or older may purchase or possess cannabis products. The text must be of a reasonable size to be easily read by consumers.
- The exception to advertising restrictions for an outdoor advertisement at the site of an event to be held at an adult-only facility is modified so the exception instead applies to an outdoor advertisement at the site of an event to be held in an area classified by the LCB as off-limits to persons under 21 years of age.
- The exception to advertising restrictions for "merchandising" within a retail outlet is changed to instead exclude "placement of products" within a retail outlet.

A restriction is added that a cannabis licensee may not advertise, offer for sale, or sell cannabis at less than acquisition cost. However, this restriction does not apply to any sales made for a product designated for medical cannabis by qualifying patients.

It specified that adopt-a-highway signs erected by the Washington Department of Transportation (DOT) under a current valid sponsorship with the DOT are not considered advertising for purposes of restrictions on cannabis business advertising.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2026.

Staff Summary of Public Testimony:

(In support) The current inconsistent policy for cannabis signage makes it difficult for cannabis retailers to run their business. Cannabis businesses deserve treatment and opportunities like other lawful businesses. There is respectful disagreement that the bill will entice youth to consume cannabis. Allowing retailers to have signs noting the presence of an ATM or displaying their brand name is simply advertising their business. Allowing local governments to regulate more aspects of signs takes the burden off the LCB. The LCB should be focusing on bigger issues facing the cannabis industry. The current signage requirements are incoherent, burdensome for businesses to comply with and to enforce, and do not serve to protect children. Currently, cannabis retailers are required to have signs so small that the signs at some businesses are not visible from the street, while the same retailer could legally place a large billboard directly next door advertising the business. The bill is a reasonable and common-sense approach to clarify the different types of signs. Trade name signs are used by all types of businesses and limited to the name of the business. The bill moves the regulation of the placement and size of trade name signs to the local jurisdiction. Advertising signs would remain under the jurisdiction of the LCB and continue to be limited in content. The bill also accounts for signs that display

nonadvertising information like business hours, that the business is open or closed, or that no persons under age 21 are permitted. There has been long-standing inconsistency with enforcement of current law, which the bill will clarify. The bill is more about enabling businesses to identify themselves opposed to other types of advertising and promotion.

(Opposed) There is concern that cannabis advertising impacts youth's intentions to use cannabis. Research demonstrates this relationship and Washington's cannabis policy should reflect this fact. From the Healthy Youth Survey, it is evident there are too many young people using cannabis regularly. Limiting exposure to advertising is a key strategy to prevent cannabis use by young people. The bill could be improved by limiting the number of trade name signs and also by requiring all the other advertising signs to be displayed on the side of the cannabis retailer that houses the main entrance. The January 1, 2026, effective date of the bill will enable local governments to evaluate their sign ordinances and local processes and make any appropriate changes such as to size, shape, color, and design. The bill will significantly increase youth exposure to cannabis advertising by doubling the number of cannabis advertising signs and exempting trade name signs from that limit. This fails to protect young people. Children in Washington see and ask their parents about cannabis advertising. With around 90 new cannabis retailers anticipated in the coming years, neighborhoods will see an increase in cannabis promotion.

(Other) Research shows that cannabis advertising is associated with youth cannabis use. In Washington, preliminary research shows that among high school and middle school students, when cannabis retail outlets have opened near schools, especially within one mile of a school, then youth cannabis use increases, risk factors like not thinking cannabis use is harmful increase, and protective factors like believing parents, peers, and adults in the community think cannabis use is wrong decrease. Even though Washington currently restricts cannabis advertising, these effects are seen. Any changes to relax existing advertising requirements are likely to exacerbate or worsen the current effects.

Persons Testifying: (In support) Brandon Park; Vicki Christophersen, Washington CannaBusiness Association; Caitlein Ryan, The Cannabis Alliance; Jerina Pillert, Retailer, Hashtag Cannabis; Trent Matson, Washington Cannabis Licensee Association; and Paula Sardinas, FMSGs and Washington Build Back Black Alliance (WBBA).

(Opposed) Scott Waller, WASAVP—Washington Association for Substance misuse and Violence Prevention; and Sarah Ross-Viles, Public Health—Seattle and King County.

(Other) Julia Dilley.

Persons Signed In To Testify But Not Testifying: None.