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CANNABIS REGULATION

# **State Regulation of Adult-Use Cannabis Advertising**

### I. Introduction

This fact sheet analyzes the advertising restrictions placed on the adult-use cannabis markets in the 20 jurisdictions (19 states and the District of Columbia) that have legalized adult-use. However, the sample set of regulatory systems is limited to 16 states. Arizona, D.C., Rhode Island, and Virginia are not included. Arizona does not utilize any of the 17 policy variables included in the survey. D.C. does not have a licensed adult-use market. Rhode Island has yet to develop its advertising regulations. Virginia does not have advertising restrictions because it did not reauthorize the 2021 Cannabis Control Act and as a result the advertising provisions that were included in the 2021 legislation are no longer in place. This fact sheet is a companion to State Regulation of Adult-Use Cannabis Advertising Table. The table provides a side-by-side comparison of state approaches and includes citations for the state advertising laws. Maryland's medical cannabis program has been included in the table to permit comparison. However, Maryland's policies have not been incorporated in the analysis of adult-use advertising programs. In Section II of this fact sheet, there is a summary of 17 different state policies used to regulate cannabis advertising in adult-use programs. The prevalence of each variable is explained, and a range of policy approaches is provided when necessary. These policy approaches are divided into three categories. First, medium restrictions are restrictions specific to a particular advertising medium (e.g., broadcast, print, and internet). Second, content restrictions focus on limitations and requirements placed on the message of the advertisement. Third, physical restrictions focus on the physical properties and the location of outdoor advertising.

## **II. Research Summary**:

This section examines 17 different policies that states use to regulate cannabis advertising in their adult-use programs. The prevalence of each variable is explained, and a range of policy approaches is provided when necessary. As discussed above these policies are divided into medium restrictions, content restrictions, and physical restrictions.

<u>Utilize Advertising Restrictions</u>: Of the 20 adult-use jurisdictions, **16 states utilize advertising restrictions**. Rhode Island has yet to develop its advertising regulations. Virginia does not have any advertising restrictions because it did not reauthorize the 2021 Cannabis Control Act and as a result the advertising provisions that were included in the 2021 legislation are no longer in place. The District of Columbia does not have a licensed adult-use market. Arizona does not use any of the variables studied in this fact sheet. Arizona requires that adult-use cannabis advertisements provide contract information for the business and if there is individualized communication, then there must be age verification.

**<u>Regulatory Approval:</u>** Vermont is the only adult-use cannabis jurisdiction that requires licensees to submit their advertisements for regulatory approval prior to disseminating them. The regulatory body may require a specific disclosure in the advertisement in a clear and conspicuous manner if the advertisement would be false or misleading without the disclosure. The state can also require changes to the advertisement that are necessary to protect the public health, safety, and welfare.

### **Medium Restrictions**

**Radio/Television Restrictions:** 13 of 16 states restrict the broadcast advertising of adult-use cannabis. Alaska, Illinois, and Washington are the three states that have not adopted broadcast restrictions. All these states focus on restricting youth exposure to cannabis advertising. However, there are three varying approaches. First, 9 states only permit broadcast advertising if a certain percent of the audience is reasonably expected to be at least 21, based on current audience composition data. However, the percentage of the audience that must be 21 varies considerably between jurisdictions. For example, Connecticut requires 90% of the audience to be at least 21 and Oregon requires 70%. These are the highest and lowest baselines used by the states. Second, Maine and New York use more general language regarding preventing child exposure to broadcast advertising. For example, Maine prohibits television, radio, print media or internet advertising in cases where there is a high likelihood it will reach person under the age of 21. Third, New Mexico prohibits the use of broadcast media for advertising unless it is a subscription service, and the subscriber is at least 21 years of age. Fourth, Montana completely prohibits the use of broadcast media.

**Print Media Restrictions**: **13 of 17 states** restrict advertising in print media. The regulator approach mirrors the approach used for broadcast media. **10 states** only permit print advertising if a certain percent of the audience is reasonably expected to be at least 21. States generally use the same percentage required for broadcast advertising. Again, Maine and New York have more general prohibitions regarding youth exposure. Montana is the only state that completely prohibits cannabis advertising in print media.

Internet Advertising Restrictions: 14 of 16 states restrict internet advertising of adult-use cannabis. Again, the internet restrictions follow the regulatory approach of the broadcast and print based media restrictions. 10 states only permit internet advertising if a certain percent of the audience is reasonably expected to be at least 21. States generally use the same percentage required for broadcast and print advertising. Again, Maine and New York have more general prohibitions regarding youth exposure. Alaska only requires licensee web pages to have appropriate measures to ensure that individuals visiting the web page are 21 years of age or older. Montana only allows advertising via the internet. However, it's only has two restrictions. First, licensee websites must have age verification. Second, licensee social media that advertises adult-use cannabis must be private and have a statement that only individuals 21 years of age or older may follow the account.

**Event Sponsorship**: **9 of 16 states** restrict event sponsorship by adult-use cannabis companies. **6 states** only permit event sponsorship if a certain percent of attendees is reasonably expected to be at least 21. Again, this percentage mirrors the states' other media-based restrictions discussed above. Massachusetts allows the sponsorship of sporting, charitable, and other similar events so long as the advertising at the event is targeted to participants reasonably expected to be 21 years of age or older. Michigan simply states that sponsorship targeting individuals under the age of 21 is prohibited.

**Location-Based Marketing Restrictions**: Location-based marketing (LMS) uses a mobile device's location to alert the device's owner about an offering from a near-by business. **7 of 16 states** restrict LMS. While all these states allow LMS, they require that the advertising is limited to individuals 21 years of age or older. **6 of these states** require that the individual solicits these advertisements. For example, Connecticut limits LMS to applications installed by the owner of the device and that the applications have an easy opt out option.

### **Content Restrictions**

<u>Therapeutic Claims</u>: 13 out of 16 states regulate the use of therapeutic or curative claims. 6 states prohibit the use of therapeutic or curative claims in cannabis advertising (AK, IL, ME, NY, OR, and WA). The remaining 7 states require the claims to be substantiated. The standard for substantiation can vary. For example, California simply prohibits false or misleading therapeutic claims, which infers a need for substantiation. While other states (CT, MA, MI, NJ, and NM) require that claims be supported by substantial scientific and/or clinical evidence. Michigan defines the level of required substantiation by referencing FDA standards. New Jersey requires that the claims be supported by at least two scientific studies.

<u>Safety Claims</u>: 6 out of 16 states regulate safety and efficacy claims made by licensees. Four states (CO, ME, NJ, and OR) prohibit safety claims based on the fact that a product is regulated by the state and/or tested by a regulated testing facility. Massachusetts and New Jersey require that any safety claim be substantiated by scientific evidence, like their therapeutic claim standard. Finally, Montana prohibits all safety claims.

**Content Targeting Children:** Every state has an explicit prohibition against advertising content that targets children. The degree of detail in this prohibition varies considerably. Michigan simply prohibits advertising that targets individuals under the age of 21. New Jersey takes a more

detailed approach by prohibiting a depiction of a person under 21 years of age consuming cannabis items; the inclusion of objects, "such as toys, characters, or cartoon characters suggesting the presence of a person under 21 years of age, or any other depiction designed in any manner to be especially appealing to a person under 21 years of age."<sup>1</sup>

<u>Validity of statements</u>: Every state except Montana has a provision explicitly prohibiting false and/or misleading statements. California goes further by defining what can create a misleading impression, such as ambiguity, omission or inference, or by the addition of irrelevant, scientific, or technical matters.

<u>**Gifts</u>: 9 of 16 states** prohibit licensees from offering gifts, prizes, or other inducements relating to cannabis sales. 7 states (AK, CA, IL, MA, NV, NJ, and VT) explicitly prohibit the gifting of free cannabis, cannabis products, and/or cannabis accessories. Washington does not explicitly mention cannabis but has a general prohibition on giveaways, coupon, and merchandise. New York prohibits promotions and coupons that would result in selling the product below the market value with reference to the avoidance of state and local tax revenue. New Jersey does not address cannabis and cannabis products but bans promotional gifts bearing symbol or reference to cannabis. Finally, Massachusetts explicitly bans customer loyalty programs.</u>

**Product Warnings**: **10 of 16 states** require some form of product warning in adult-use cannabis advertisements. There are a broad range of required warnings including warnings related to the: possible impairment from the consumption of cannabis, intoxicating or addictive effects of cannabis, health risks associated with consumption of cannabis, use by pregnant or breast-feeding women, lack of FDA approval, age requirement of at least 21 years of age, and keeping cannabis and cannabis products away from minors.

### **Physical Restrictions**

**Proximity to Schools**: **11 of 16 states** advertising exclusionary zones around schools and other child focused locations. The distance of the exclusionary zone varies considerably. New Jersey has the smallest exclusionary zone which is within 200 feet of a grade school (k-12). Connecticut has the largest exclusionary zone at 1,500 feet. The most common distance is 1000 feet and is used by **6 states** (AK, CA, IL, ME, NV, and WA). In addition to schools, states restrict the proximity of cannabis advertising to a variety of child focused locations. For example, Illinois restricts advertising in relation to schools, playgrounds, recreation centers, childcare facilities, public parks, libraries, arcades that are not restricted to adults. New Jersey is the only state that limits the exclusionary zone just to schools. In addition, Colorado restricts advertising in proximity to substance abuse treatment centers.

Signs on Public Property or Public Transportation: 9 of 16 states restrict adult-use cannabis advertising on public property and/or public transportation. Three states (AK, IL, and NY) completely prohibit advertising on public property. Oregon only restricts the distribution of handbills on public property. Eight of states prohibit advertising on public vehicles/mass transit. Oregon is the only jurisdiction that does not prohibit it. Six states prohibit advertising at locations related to transportation. For example, Washington restricts advertising at public transit shelters, bus stops, transit waiting areas, train stations, airports, and other transit related areas.

**Signs Visible to the General Public: 3 of 16 states** (AK, NY, and WA) have general visibility restrictions placed on signs and/or billboards. Alaska restricts cannabis establishment to no more than 3 signs that are visible from a public right of way. Two of these signs must be attached to the establishment or in the window of the establishment. New York prohibits all billboards. Washington defines a billboard as "a permanent off-premises sign in a fixed location used, in whole or in part, for the display of off-site commercial messages with a minimum size of five feet in height by 11 feet in width."<sup>2</sup> Washington prohibits billboards that are visible from any street, road, highway, right-of-way, or public parking area. However, there is a large exception. It excludes billboards that are limited to three data elements: the name of the business, the nature of the business or a permanent structure. These signs can only identify the retail outlet by the licensee's business name or trade name, stating the location of the business.

<u>Size of Signs</u>: 2 of 16 states (AK and WA) restrict size or other physical features of cannabis advertising signs. Alaska restricts signs for a cannabis establishment to 4,800 square inches. Washington limits the two permissible signs discussed in the previous section to 1,600 square inches each.

**Illuminated Signs: 2 of 16 states** (CT and MA) place restrictions on the use of illuminated signs. Connecticut prohibits advertising by means of an electronic or illuminated billboard between the hours of six o'clock a.m. and eleven o'clock p.m. Massachusetts prohibits the use of illuminated signs, except for the period of 30 minutes before sundown until closing.

III. Research Table

\*Click on the table to access the full spreadsheet

STATE	SOURCE		Medium Restrictions					CONTENT RESTRICTIONS						PHYSICAL RESTRICTIONS				
		REQUIRING COMMISSION APPROVAL	Radio/Television (restriction- audience share over min. age)	Print (restriction- audience share over min. age)	Internet (restriction- audience share over min. age)	Event Sponsorship (restriction- audience share over min. age)	Location-Based Marketing Restrictions	Curative/Therapeutic Claims	Safety Claims	Content Targeting Children	Validity of Statements	Gifts/Prizes/Other Inducements	Product Warnings	Signs within Close Proximity to Schools	Signs on Public Property/Transp ortation	Signs Visible to General Public	Size/Other Features	Illuminated Signs
Alaska	Alaska Admin. Code tit. 3 §. 306.770	Ν	N	N	Y	Y (70%)	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	N
Arizona	Ariz. Rev. Stat. Ann. § 36-2859	Ν	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Ν	N
California	Cal. Bus. & Prof. Code § 26150- 26156 (2017)	Ν	Y (71.6%)	Y (71.6%)	Y (71.6%)	Y (71.6%)	Y	Y	N	Y	Y	Y	N	Y	N	N	N	N
Colorado	Colo. Code Regs §212-3-3 R.700 Series	Ν	Y (71.6%)	Y (71.6%)	Y (71.6%)	Y (71.6%)	N	N	Y	Y	Y	N	N	Y	N	N	Y	N
Connecticut	Conn. Gen. Stat. §21a-421bb (Public Act No. 22-103) (2022)	Ν	Y (90%)	Y (90%)	Y (90%)	Y (90%)	Y	Y	N	Y	Y	N	Y	Y	Y	Y	N	Y
District of Columbia	No Advertising Provisions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA	N/A	N/A	N∕A	NA	N/A	N/A	N∕A	N/A
Illinois	410 III. Comp. Stat. 705/55-20 (2019)	Ν	N	N	N	N	N	Y	N	Y	Y	Y	N	Y	Y	N	N	N
Maine	18-691-1 Me. Code R. § 5.2	Ν	Y	Y	Y	N	Y	Y	Y	Y	Y	N	Y	Y	N	N	N	N
Maryland	Md. Code Ann.,Health-Gen. § 13 <u>3313.1</u> (2019)	N	N	N	Y	N	Y	Y	Y	Y	Y	N	Y	Y	Y	N	N	N
Massachusetts	935 Mass. Code Regs. 500.105(4)	N	Y (85%)	Y (85%)	Y (85%)	Y	N	Y	Y	Y	Y	Y	Y	N	Y	N	N	Y
Michigan	Mich. Admin. Code r. 420.507 (2020)	Ν	Y (70%)	Y (70%)	Y (70%)	Y	N	Y	N	Y	Y	N	N	N	N	N	N	N
Montana	Mont. Admin. R. 42.39.123 (2021)	Ν	Y	Y	Y	N	Y	N	Y	Y	N	N	N	N	N	N	N	N
Nevada	<u>Nev. Rev. Stat. § 678B.520</u> (2021)	Ν	Y (70%)	Y (70%)	Y (70%)	Y (70%)	N	N	N	Y	Y	Y	Y	Y	Y	N	N	N
New Jersey	N.J. Admin. Code § 17:30-14.2	Ν	Y (71.6%)	Y (71.6%)	Y* (71.6%)	Y (80.6%)	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N
New Mexico	N.M. Code R. § 16.8.3.8 (2022)	Ν	Y	Y (70%)	Y (70%)	N	Y	Y	N	Y	Y	N	Y	Y	Y	N	Ν	N
New York	<u>N.Y. Can. § 86</u> (2022)	Ν	Y	Y	Y	N	N	Y	N	Y	Y	Y	N	Y	Y	Y	N	N
Oregon	Or. Admin. R. 845-025-8040 to 845-025-8060	Ν	Y (70%)	Y (70%)	Y (70%)	N	Y	Y	Y	Y	Y	N	Y	N	Y	N	Ν	N
Rhode Island	Rhode Island Gen.Laws § 21- 28.11-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N∕A	N⁄A	N/A	N/A	N⁄A	N/A
	<u>Vt. Stat. Ann. Tit. 7 § 864.</u> (2021)																	
Vermont	25-002 Vt. Code R. § 2.2.11 (2022)	Y	Y (85%)	Y (85%)	Y (85%)	Y (85%)	N	Y	N	Y	Y	Y	Y	N	N	N	Ν	N
Virginia	No Advertising Provisions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N⁄A	N/A	N/A	N∕A	N/A
Washington	Wash Admin. Code § 314-55- 155 (2013)	N	N	N	N	N	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	N
	RCW 69.50.369																	

This document was developed by Mathew R. Swinburne, J.D., Associate Director for the Network for Public Health Law-Eastern Region, and Simon Liu, J.D. Candidate, at the University of Maryland Francis King Carey School of Law. The Network for Public Health Law provides information and technical assistance on issues related to public health. The legal information and assistance provided in this document does not constitute legal advice or legal representation. For legal advice, please consult specific legal counsel.

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<sup>1</sup> N.J. Admin. Code § 17:30-14.2. <sup>2</sup> Wash. Admin. Code. § 314-55-155