

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: HB2428H1

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron: Wilt

3. Committee: House Committee for Courts of Justice

4. Title: Marijuana advertising restrictions

5. Summary: The substitute bill makes it a Class 1 misdemeanor to advertise in or send any advertising matter into the Commonwealth regarding marijuana or marijuana products or any substance containing a synthetic tetrahydrocannabinol other than those that may be legally sold or to engage in advertising activities in violation of the provisions of the Cannabis Control Act. Advertisements regarding marijuana, marijuana products, or any substance containing a synthetic tetrahydrocannabinol must comply with the provisions of this subtitle and Board regulations

The bill provides that for violations of certain distance and zoning restrictions on outdoor advertising, as set forth in the bill, the Board must give the advertiser written notice to take corrective action and that, if such corrective action is not taken within 30 days, the advertiser is guilty of a Class 4 misdemeanor. The bill establishes numerous restrictions on marijuana advertisements, including provisions that prohibit advertisements from (i) targeting minors; (ii) being placed near schools, playgrounds, and certain other places; (iii) being displayed at a sporting event or on a billboard; (iv) being misleading, deceptive, or false; (v) referencing the intoxicating effects of marijuana; or (vi) promoting overconsumption or consumption by minors.

6. Budget Amendment Necessary: Indeterminate

7. Fiscal Impact Estimates: Indeterminate (see Item 8 below)

8. Fiscal Implications: The agency believes it will need one investigator position to perform the duties outlined in the bill at a cost of \$121,620 in FY 2024 and \$115,760 in FY 2025. However, current resources can be used to support this position.

The bill makes it a Class 1 misdemeanor to advertise marijuana and marijuana products to persons who are of legal age under the provisions of the Cannabis Control Act or regulations of the CCA Board.

Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail and a fine of not more than \$2,500, either or both. There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. However, any increase in jail population will increase costs to the state. The Commonwealth currently pays the localities \$4.00 a day for each misdemeanor or otherwise local-responsible prisoner held in a jail. It also funds a large portion of the jails' operating costs, e.g. correctional officers. The state's share of these costs varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2022), the estimated total state support for local jails averaged \$40.39 per inmate, per day in FY 2021.

The bill also makes it a Class 4 misdemeanor for violations of certain outdoor advertising regulations. A Class 4 misdemeanor is punishable by a fine of up to \$250. All revenue collected from such fines is deposited into the Literary Fund. However, it is not possible to estimate either the number of convictions that may result or the amount of each fine that may be assessed under this legislation. Therefore, the impact of this bill cannot be determined.

9. Specific Agency or Political Subdivisions Affected: Cannabis Control Authority, Department of Corrections, local and regional jails, Literary Fund

10. Technical Amendment Necessary: No

11. Other Comments: None