

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 594
Finance

(Senators Beidle and Gile)

Cannabis - Advertising - Alterations

This bill alters existing restrictions on advertising for cannabis licensees, cannabis products, or cannabis-related services by, among other things, defining “therapeutic or medical claim” and expanding the authorized signage that a standard dispensary licensee may place on the exterior of the dispensary. Among other changes, the bill also (1) establishes a new method for determining whether an advertisement or a proposed advertisement meets specified audience composition requirements and (2) requires the Maryland Cannabis Administration (MCA), by January 1, 2027, to adopt regulations that establish at least one alternative method for determining audience composition. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: It is anticipated that MCA can implement the bill with existing budgeted resources, as discussed below. State revenues are not anticipated to be materially affected.

Local Effect: None. The bill does not affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law: Chapters 254 and 255 of 2023 established the adult-use cannabis industry in the State by, among other things, establishing MCA as an independent unit of State government responsible for the regulation of adult-use and medical cannabis. MCA’s responsibilities generally include promulgating cannabis industry regulations, licensing and registering cannabis businesses in the State, and enforcing the statutes and

regulations related to the cannabis industry. MCA is funded through distributions from sales and use tax collections from adult-use cannabis sales.

Title 36, Subtitle 9 of the Alcoholic Beverages and Cannabis Article establishes restrictions related to cannabis advertising – the affected provisions under Subtitle 9 are discussed below. *Under current law and the bill*, “advertisement” means the publication, dissemination, or circulation of any auditory, visual, digital, oral, or written matter which is directly or indirectly calculated to induce the sale of cannabis or any cannabis-related product or service. “Advertisement” does not include packaging or labeling.

Truth in Cannabis Advertising

Under current law and the bill, an advertisement for a cannabis licensee, cannabis product, or cannabis-related service that makes a therapeutic or medical claim must (1) be supported by competent and reliable scientific evidence and (2) include information on the most serious and most common side effects or risks associated with the use of cannabis. *Current law* does not define “therapeutic or medical claim” under these provisions. *The bill* defines “therapeutic or medical claim” to mean a claim that explicitly states a product can diagnose, treat, mitigate, cure, or prevent a disease or condition.

Prohibited Content and Intended Audience Restrictions in Cannabis Advertising

Current law establishes several restrictions related to advertising for a cannabis licensee, cannabis product, or cannabis-related service targeting young people. These restrictions include a prohibition against advertising directly or indirectly targeting individuals younger than age 21. *The bill* repeals the prohibition against *indirect* targeting to individuals younger than age 21. *Current law* also prohibits an advertisement from containing a design, an illustration, a picture, or a representation that targets or is attractive to minors, including a cartoon character or a mascot or any other depiction that is commonly used to market products to minors, is modified. *Under the bill*, the prohibition against such an advertisement *being attractive to* minors is repealed.

Under current law and the bill, advertising for a cannabis licensee, cannabis product, or cannabis-related service may not engage in advertising by means of television, radio, Internet, mobile application, social media, or other electronic communication, event sponsorship, or print publication, unless at least 85% of the audience is reasonably expected to be at least age 21. *Under current law*, this determination of audience composition must be made *by reliable and current audience composition data*. *Under the bill*, to determine whether an a advertisement or a proposed advertisement meets audience composition requirements, MCA must (1) accept the most recent and readily available audience composition data from the applicable media entity with which the cannabis licensee

advertises or proposes to advertise and (2) by January 1, 2027, adopt regulations establishing at least one alternative method of determining audience composition.

Restrictions on Outdoor Cannabis Advertisements

Under current law and the bill, there is a prohibition against engaging in advertising by means of placing an advertisement on the side of a building or another publicly visible location of any form (including a sign, a poster, a placard, a device, a graphic display, an outdoor billboard, or a freestanding signboard). However, there is an exception to that prohibition, which authorizes a cannabis business to place exterior signage on the premises of the business for the limited purpose of identifying the business to the public. *The bill* establishes a second exemption for a standard dispensary licensee to place exterior signage, including a poster or a placard that meets specified size restrictions and is attached to the building, or a freestanding signboard that is immediately adjacent to the entrance of the licensed premises, for the limited purpose of (1) identifying itself as a licensed cannabis business and a Cannabis Trusted Source; (2) providing contact information for the dispensary and MCA, as specified; (3) providing information on what to do if an adverse event occurs; and (4) identifying an ownership or licensure designation (as approved by MCA).

Prohibition Against Third-Party Use of a Cannabis Licensee's Trademarks, Brands, Names, Locations, or Other Distinguishing Characteristics for Advertising

Under current law and the bill, advertising restrictions applicable to cannabis licensees may not be avoided by hiring or contracting with a third party or outsourcing advertisements that do not comply with statutory advertising restrictions. Moreover, *current law* specifies that a cannabis licensee may not allow the use of the licensee's trademarks, brands, names, locations, or other distinguishing characteristics for third-party use for advertisements that do not comply with statutory advertising restrictions. *The bill* specifies that the use of trademarks, brands, names, locations, or other distinguishing characteristics in a news article, interview, documentary, or other editorial content that is not intended as commercial advertising is not subject to this prohibition.

State Expenditures: MCA advises that it needs to hire an administrator – at a cost of approximately \$85,600 in fiscal 2027, increasing to approximately \$114,800 by fiscal 2031 – primarily to evaluate whether an advertisement or a proposed advertisement meets audience composition requirements under the bill's requirement that MCA accept the most recent and readily available audience composition data for the media entity with which the cannabis licensee advertises or proposes to advertise. MCA notes that it must still determine whether at least 85% of the audience is reasonably expected to be at least age 21 and that it anticipates significant growth in the number of licensees over the next few years.

The Department of Legislative Services (DLS) disagrees that the bill's alterations to cannabis advertising standards alone justify the need to hire additional staff. DLS notes that the anticipated growth of MCA's regulated license base is not a result of the bill and that the requirement to determine whether at least 85% of the audience for cannabis advertising is reasonably expected to be at least age 21 is a requirement under current law that is unchanged by the bill. The bill merely adds specificity as to *how* the determination is made. Thus, DLS assumes that MCA can likely implement the bill with existing budgeted resources. To the extent that existing staff prove insufficient, MCA can seek additional resources through the annual budget process.

Small Business Effect: Many cannabis licensees are considered small businesses. Such licensees likely benefit from the less stringent restrictions and additional clarity added to the interpretation of existing cannabis advertising restrictions. Dispensary licensees may benefit from being able to use additional outdoor advertisement and signage.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Social and Economic Mobility; Maryland Cannabis Administration; Comptroller's Office; Department of Legislative Services

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