

SENATE BILL 623

C2, A1

6lr2156
CF HB 766

By: **Senators Watson and Harris**
Introduced and read first time: February 5, 2026
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 ~~Retail Tobacco~~ **Tobacconist** **Businesses and Establishment of a Premium Cigar Lounge**
3 **Alcoholic Beverages License**
4 **(Maryland Premium Cigar Lounge Act of 2026)**

5 FOR the purpose of establishing a Class C–PCL (premium cigar lounge) alcoholic beverages
6 license for use in conjunction with a ~~certain tobacco products retailer~~ tobacconist
license;
7 authorizing a local licensing board to issue the license; providing that a local
licensing board may authorize the owner or operator of a tobacconist that does not hold
an alcoholic beverages license to allow the consumption of alcoholic beverages on the
premises under certain circumstances; altering, for purposes of requirements for other
tobacco products business licenses, the definition of “pipe tobacco” to exclude tobacco
intended for use in a hookah or similar smoking device and the definition of
“tobacconist” to exclude retailers that do not derive at least a certain percentage of
revenues from the sale of premium cigars and pipe tobacco; prohibiting a county clerk
8 from issuing a ~~certain tobacco products retailer~~ tobacconist license if the location ~~is~~
~~adjacent to~~ shares a wall with
9 a health care facility or a child care facility; requiring a certain affidavit to be
filed with the clerk of the circuit court when renewing a tobacconist license; exempting
~~a holder of a certain tobacco~~
10 ~~products retailer license~~ limiting an exemption for certain retail tobacco businesses
from the Clean Indoor Air Act to licensed tobacconists; requiring the holder of
11 ~~certain licenses to submit an annual report to the Executive Director of the Alcohol,~~
12 ~~Tobacco, and Cannabis Commission~~ providing that a local alcoholic beverages license held
by a tobacconist shall be converted to a Class C–PCL alcoholic beverages license;
prohibiting a local licensing board from revoking or suspending a converted Class C–PCL
13 license under certain circumstances; and generally relating to ~~retail tobacco~~ tobacconist
businesses and alcoholic beverages licenses.

14 BY adding to
15 Article – Alcoholic Beverages and Cannabis
16 Section 4–1002; and 4–1301 to be under the new subtitle “Subtitle 13. Unlicensed
Establishments”
17 Annotated Code of Maryland
18 (2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,
Article - Business Regulation
Section 16.5–101(a), (i), (j), and (q)
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Business Regulation
21 Section ~~16.5–204(b)~~ 16.5–101(p) and (t), 16.5–203(b) and (e), 16.5–204(b), and 16.5–206(c)
22 Annotated Code of Maryland
23 (2024 Replacement Volume and 2025 Supplement)

24 BY repealing and reenacting, without amendments,
25 Article – Health – General
26 Section 24–504
27 Annotated Code of Maryland

1 BY repealing and reenacting, with amendments,
2 Article – Health – General
3 Section 24–505
4 Annotated Code of Maryland
5 (2023 Replacement Volume and 2025 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
7 That the Laws of Maryland read as follows:

8 **Article – Alcoholic Beverages and Cannabis**

9 **4–1002.**

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (2) “OTHER TOBACCO PRODUCTS” HAS THE MEANING STATED IN §
13 16.5–101 OF THE BUSINESS REGULATION ARTICLE.

14 (3) “TOBACCONIST” MEANS A RETAIL TOBACCO BUSINESS THAT
15 HOLDS A TOBACCONIST LICENSE UNDER § 16.5–204 OF THE BUSINESS REGULATION
16 ARTICLE.

17 (B) THERE IS A CLASS C–PCL (PREMIUM CIGAR LOUNGE) LICENSE.

18 (C) (1) A LOCAL LICENSING BOARD MAY ISSUE THE LICENSE TO A
19 TOBACCONIST IF:

20 (i) THE TOBACCONIST OPERATES AN ESTABLISHMENT IN
21 WHICH PREMIUM CIGARS AND PIPE TOBACCO ARE SOLD AT RETAIL FOR
22 ON–PREMISES AND OFF–PREMISES USE; AND

23 (ii) THE TOBACCONIST MEETS THE REQUIREMENTS OF THIS
24 SECTION.

25 (2) (i) A LOCAL LICENSING BOARD MAY ISSUE ONE CLASS C–PCL
26 LICENSE PER 150,000 RESIDENTS OF A COUNTY.

27 (ii) IF A COUNTY HAS FEWER THAN 150,000 RESIDENTS, A
28 LOCAL LICENSING BOARD MAY ISSUE ONE CLASS C–PCL LICENSE IN THE COUNTY.

3 REPRINT OF SENATE BILL 623 as amended by SB0623/323225/1 02/23/26 at 3:54 PM

1 (D) THE LICENSE AUTHORIZES THE HOLDER TO ~~ALLOW A CUSTOMER TO~~
 2 ~~CONSUME ALCOHOLIC BEVERAGES ON THE PREMISES~~ SELL ALCOHOLIC BEVERAGES FOR ON-PREMISES
 3 CONSUMPTION MONDAY THROUGH SUNDAY
 4 FROM 10 A.M. TO 1 A.M. THE FOLLOWING DAY IF:

4 ~~(1) THE ALCOHOLIC BEVERAGES ARE BROUGHT TO THE PREMISES BY~~
 5 ~~THE CUSTOMER;~~

6 ~~(2)~~ (1) THE CUSTOMER PURCHASES AND CONSUMES A ~~PRODUCT~~ PREMIUM CIGAR OR PIPE
 7 TOBACCO SOLD BY
 8 THE LICENSE HOLDER DURING THE TIME THE CUSTOMER IS ON THE PREMISES; AND

8 ~~(3)~~ (2) THE LICENSE HOLDER HAS AT LEAST ONE EMPLOYEE PRESENT
 9 AND WORKING WHO IS CERTIFIED IN AN ALCOHOL AWARENESS PROGRAM UNDER §
 10 4-505 OF THIS TITLE.

11 (E) (1) THE LICENSED PREMISES IS EXEMPT FROM THE REQUIREMENTS
 12 OF THE CLEAN INDOOR AIR ACT UNDER § 24-505 OF THE HEALTH – GENERAL
 13 ARTICLE.

14 (2) A LOCAL LICENSING BOARD SHALL REQUIRE:

15 (I) A LICENSE APPLICATION TO INCLUDE A BUILDING PLAN
 16 DEMONSTRATING ~~SUFFICIENT~~ DETAILED SPECIFICATIONS FOR AIR FILTRATION SYSTEMS AND EXHAUST
 17 SYSTEMS;

17 (II) A LICENSE HOLDER TO DISPLAY IN A CONSPICUOUS PLACE
 18 THAT SMOKING IS ALLOWED ON THE PREMISES; AND

19 (III) EACH EMPLOYEE OF A LICENSED ESTABLISHMENT TO SIGN
 20 AN ACKNOWLEDGMENT THAT THE EMPLOYEE WILL BE SUBJECTED TO SECONDHAND
 21 SMOKE.

22 (F) THE LICENSE HOLDER SHALL:

23 ~~(1) HAVE AVERAGE DAILY RECEIPTS FROM THE SALE OF PREMIUM~~
 24 ~~CIGARS, PIPE TOBACCO, AND RELATED ACCESSORIES THAT ARE AT LEAST 70% OF~~
 25 ~~THE TOTAL DAILY RECEIPTS FROM THE ESTABLISHMENT; AND~~

26 ~~(2)~~ ANNUALLY SUBMIT TO THE EXECUTIVE DIRECTOR AND THE
 27 LOCAL LICENSING BOARD, ~~IN A FORM THE EXECUTIVE DIRECTOR REQUIRES, A~~
 28 ~~SALES RATIO COMPLIANCE REPORT~~ A STATEMENT OF AVERAGE DAILY RECEIPTS AND AN AFFIDAVIT OF A
CERTIFIED PUBLIC ACCOUNTANT THAT VERIFY THAT THE LICENSE HOLDER HAS MET THE REQUIREMENTS OF A
TOBACCONIST UNDER § 16.5-101 OF THE BUSINESS REGULATION ARTICLE.

29 (G) THE ANNUAL LICENSE FEE IS ~~\$100~~ \$500.

SUBTITLE 13. UNLICENSED ESTABLISHMENTS.

4-1301.

(A) THIS SECTION APPLIES TO A TOBACCONIST:

(1) THAT ALLOWS ON-PREMISES CONSUMPTION OF PREMIUM CIGARS AND PIPE
TOBACCO;

(2) THAT DOES NOT HOLD AN ALCOHOLIC BEVERAGES LICENSE; AND

(3) THAT IS OPEN TO THE PUBLIC.

(B) A LOCAL LICENSING BOARD MAY AUTHORIZE THE OWNER OR OPERATOR OF A

TOBACCONIST TO ALLOW A CUSTOMER WHO IS AT LEAST 21 YEARS OLD TO BRING ALCOHOLIC BEVERAGES ONTO THE PREMISES FOR PERSONAL CONSUMPTION, PROVIDED THE CUSTOMER CONCURRENTLY BUYS AND CONSUMES TOBACCO PRODUCTS.

(C) IF THE OWNER OR OPERATOR OF THE TOBACCONIST ALLOWS THE CONSUMPTION OF ALCOHOLIC BEVERAGES ON THE PREMISES, THE OWNER OR OPERATOR:

(1) MAY LIMIT THE AMOUNT AND TYPE OF ALCOHOLIC BEVERAGES THAT MAY BE CONSUMED ON THE PREMISES;

(2) SHALL REQUIRE THAT AT LEAST ONE EMPLOYEE WHO IS WORKING AND PRESENT ON THE PREMISES HAS BEEN TRAINED IN AN ALCOHOL AWARENESS PROGRAM UNDER § 4-505 OF THIS TITLE; AND

(3) MAY NOT ALLOW:

(I) AN INDIVIDUAL TO CONSUME ALCOHOLIC BEVERAGES ON THE PREMISES OF THE TOBACCONIST FROM 1 A.M. THROUGH 10 A.M.; OR

(II) A CUSTOMER TO DISTURB THE PEACE, SAFETY, AND WELFARE OF THE COMMUNITY.

30

Article – Business Regulation

16.5-101.

(a) In this title the following words have the meanings indicated.

(i) “Licensed tobacconist” means a person licensed by the clerk of a circuit court under § 16.5-204(b) of this title to act as a tobacconist.

(j) (1) “Other tobacco products” means, except as provided in paragraph (3) of this subsection, a product that is:

(i) intended for human consumption or likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved, inhaled, or ingested in any other manner, and that is made of or derived from, or that contains:

1. tobacco; or

2. nicotine; or

(ii) a component or part used in a consumable product described under item (i) of this paragraph.

(2) “Other tobacco products” includes:

(i) cigars, premium cigars, pipe tobacco, chewing tobacco, snuff, and snus; and

(ii) filters, rolling papers, pipes, and hookahs.

(3) “Other tobacco products” does not include:

(i) cigarettes;

(ii) electronic smoking devices;

(iii) drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration under the Federal Food, Drug, and Cosmetic Act; or

(iv) tobacco pipes, as defined under § 11-104 of the Tax – General Article.

(p) (1) “Pipe tobacco” means any tobacco that, because of its appearance, type, packaging, or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco to smoke in a pipe.

(2) "PIPE TOBACCO" DOES NOT INCLUDE TOBACCO THAT IS INTENDED FOR USE IN A HOOKAH OR SIMILAR SMOKING DEVICE.

(q) "Premium cigars" means cigars that:

(1) have hand-rolled wrappers made from whole tobacco leaves where the filler, binder, and wrapper are made of all tobacco, and may include adhesives or other materials used to maintain size, texture, or flavor; or

(2) are designated as premium cigars by the Executive Director by regulation.

(t) "Tobacconist" means an other tobacco products business that derives at least 70% of its revenues, measured by average daily receipts, from the sale of [other tobacco products] PREMIUM CIGARS, PIPE TOBACCO, and [tobacco-related] RELATED accessories FOR ON-PREMISES OR OFF-PREMISES CONSUMPTION.

16.5-203.

(b) (1) An applicant for a license to act as an other tobacco products retailer or a tobacconist:

(i) shall obtain a county license by submitting to the clerk an application for each permanent or temporary place of business located in the same enclosure and operated by the same applicant; and

(ii) except as provided in paragraph (2) of this subsection, shall pay to the clerk a fee of \$15.

(2) A person who has a license issued under Title 16 of this article to act as a cigarette retailer or to act as a special cigarette retailer is not required to pay the license fee.

(3) The application shall:

(i) be made on the form that the clerk requires; and

(ii) contain the information that the Executive Director requires.

(4) IF AN APPLICANT FOR A LICENSE TO ACT AS A TOBACCONIST INTENDS TO ALLOW ON-PREMISES CONSUMPTION OF PREMIUM CIGARS OR PIPE TOBACCO, THE APPLICANT SHALL INCLUDE WITH THE APPLICATION SUBMITTED UNDER THIS SUBSECTION A BUILDING PLAN DEMONSTRATING DETAILED SPECIFICATIONS FOR AIR FILTRATION SYSTEMS AND EXHAUST SYSTEMS.

(e) (1) A licensee shall display a license in the way that the Executive Director requires by regulation.

(2) IF SMOKING IS ALLOWED ON THE PREMISES, A LICENSEE SHALL DISPLAY IN A CONSPICUOUS PLACE THAT SMOKING IS ALLOWED ON THE PREMISES.

(3) A TOBACCONIST LICENSEE SHALL RETAIN RECORDS RELATED TO AVERAGE DAILY RECEIPTS OF THE TOBACCONIST FOR A MINIMUM OF 2 YEARS.

4 REPRINT OF SENATE BILL 623 as amended by SB0623/323225/1 02/23/26 at 3:54 PM

1 16.5-204.

2 (b) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
3 SUBSECTION, THE clerk of the circuit court shall issue to each applicant who meets the
4 requirements of this subtitle a license to act as an other tobacco products retailer or a
5 tobacconist.

6 (2) THE CLERK MAY NOT ISSUE A LICENSE TO ACT AS A TOBACCONIST
7 UNDER THIS SUBSECTION IF THE PLACE OF BUSINESS LISTED ON THE APPLICATION
8 FOR THE LICENSE ~~IS ADJACENT TO~~ SHARES A WALL WITH A LICENSED HEALTH CARE FACILITY OR
9 LICENSED CHILD CARE FACILITY.

16.5-206.

(c) Before a license issued under this subtitle expires, the licensee may
renew it for an additional 1-year term, if the licensee:

(1) otherwise is entitled to be licensed;

(2) submits to the issuing official a renewal application on the form
that the issuing official requires; [and]

(3) pays to the issuing official the license fee required under § 16.
5-203 of this subtitle; AND

(4) IS RENEWING A LICENSE TO ACT AS A TOBACCONIST AND THE LICENSEE
FILES WITH THE CLERK OF THE CIRCUIT COURT A STATEMENT OF AVERAGE DAILY RECEIPTS AND
AN AFFIDAVIT OF A LICENSED CERTIFIED PUBLIC ACCOUNTANT THAT VERIFY THE LICENSEE HAS
MET THE REQUIREMENTS OF A TOBACCONIST.

10 Article - Health - General

11 24-504.

12 Except as provided in § 24-505 of this subtitle, beginning on February 1, 2008, a
13 person may not smoke or vape in:

14 (1) An indoor area open to the public;

15 (2) An indoor place in which meetings are open to the public in accordance
16 with Title 3 of the General Provisions Article;

17 (3) A government-owned or government-operated means of mass
18 transportation including buses, vans, trains, taxicabs, and limousines; or

19 (4) An indoor place of employment.

20 24-505.

21 ~~(A)~~ This subtitle does not apply to:

22 (1) Private homes, residences, including residences used as a business or
23 place of employment, unless being used by a person who is licensed or registered under
24 Title 5, Subtitle 5 of the Family Law Article to provide child care, and private vehicles,
25 unless being used for the public transportation of children, or as part of health care or child
26 care transportation;

27 (2) A hotel or motel room rented to one or more guests as long as the total
28 percent of hotel or motel rooms being so used does not exceed 25%;

29 (3) ~~A retail tobacco business that is a sole proprietorship, limited liability
30 company, corporation, partnership, or other enterprise, in which~~

5 REPRINT OF SENATE BILL 623 as amended by SB0623/323225/1 02/23/26 at 3:54 PM

1 ~~(i) The primary activity is the retail sale of tobacco products and~~
 2 ~~accessories; and~~

3 ~~(ii) The sale of other products [is incidental] CONSTITUTES NOT~~
 4 ~~MORE THAN 30% OF THE RETAIL TOBACCO BUSINESS'S GROSS ANNUAL REVENUE~~ TOBACCONIST AS DEFINED IN
 5 § 16.5-101 OF THE BUSINESS REGULATION ARTICLE;

5 (4) Any facility of a manufacturer, importer, wholesaler, or distributor of
 6 tobacco products or of any tobacco leaf dealer or processor in which employees of the
 7 manufacturer, importer, wholesaler, distributor, or processor work or congregate; or

8 (5) A research or educational laboratory for the purpose of conducting
 9 scientific research into the health effects of environmental smoke.

10 ~~(B) THE ALCOHOL, TOBACCO, AND CANNABIS COMMISSION SHALL~~
 11 ~~MAINTAIN A REGISTRY OF RETAIL TOBACCO BUSINESSES THAT ARE EXEMPT FROM~~
 12 ~~THIS SUBTITLE IN ACCORDANCE WITH THIS SECTION.~~

13 SECTION 2. AND BE IT FURTHER ENACTED, That, ~~on or before July 1, 2028, and~~
 14 ~~each July 1 thereafter, a person who holds a license to act as a tobacconist under §~~
 15 ~~16.5-204 of the Business Regulation Article and holds a Class C PCL alcoholic beverages~~
 16 ~~license, as authorized under Section 1 of this Act, shall provide documentation to the~~
 17 ~~Executive Director of the Alcohol, Tobacco, and Cannabis Commission that shows not less~~
 18 ~~than 70% of the annual gross revenue from the business operated under both licenses is~~
 19 ~~derived from the sale of other tobacco products and related accessories;~~

(a) Any local alcoholic beverages license held by a tobacconist prior to
July 1, 2024, shall be converted to a Class C-PCL license under § 4-1002 of the
Alcoholic Beverages and Cannabis Article, as enacted by Section 1 of this Act.

(b) A local licensing board may not suspend or revoke a converted Class
C-PCL license for noncompliance with sales percentages required under § 16.5-101(t)
of the Business Regulation Article, as enacted by Section 1 of this Act, before July
1, 2028, at which point the license holder shall demonstrate compliance with this
Act.

(c) A local licensing board shall count any Class C-PCL license converted under this
section toward the total number of licenses allowed in a single jurisdiction under § 4-1002(c)
of the Alcoholic Beverages and Cannabis Article, as enacted by Section 1 of this Act.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 21 2, 2026.