



Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

April 7, 2026

The Honorable Melissa Wells  
Chair, Government, Labor, and Elections Committee  
145 Lowe House Office Building  
Annapolis, MD 21401-1991

**RE: Senate Bill 623 – Tobacconist Businesses and Establishment of a Premium Cigar Lounge Alcoholic Beverages License (Maryland Premium Cigar Lounge Act of 2026) – Letter of Information (3rd reader)**

Dear Chair Wells and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for Senate Bill (SB) 623 – Tobacconist Businesses and Establishment of a Premium Cigar Lounge Alcoholic Beverages License (Maryland Premium Cigar Lounge Act of 2026). As amended, SB 623 creates a new Class C-CPL alcoholic beverage license for certain licensed tobacconists to operate as premium cigar lounges; establishes licensing and business requirements, including a “bring-your-own” (BYO) beverage model; and creates an exemption for certain businesses in the Maryland Clean Indoor Air Act (CIAA).

Pursuant to Chapter 754 of the Acts of 2024 (House Bill [HB] 238/SB 244), the Department convened a Workgroup on the Issuance of Alcoholic Beverages Licenses to Tobacconists (the Workgroup) that met monthly from September 2024 through May 2025 to study the public health and economic implications of issuing alcoholic beverages licenses to tobacconists. A tobacconist is currently defined as “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 and tobacco-related accessories.”<sup>1</sup> HB 238/SB 244 also placed a moratorium on issuing such licenses to tobacconists through June 30, 2026.

The Department has created the below side-by-side table of the recommendations the Workgroup included in their final report to the Governor and General Assembly<sup>2</sup> compared with the provisions of SB 623 as amended.

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<sup>1</sup> Md. Ann. Code Business Regulation Art., § 16.5-101(t) (2025).

<sup>2</sup> Maryland Department of Health, “Issuance of Alcoholic Beverages Licenses to Tobacconists Workgroup Findings,” July 2025, Maryland Department of Health, 13 Feb 2026  
<[https://dlslibrary.state.md.us/publications/Exec/MDH/Ch755Ch754\(2\)\(2024\).pdf](https://dlslibrary.state.md.us/publications/Exec/MDH/Ch755Ch754(2)(2024).pdf)>

Workgroup Recommendations <sup>3</sup>	SB 623 as amended
<p>Adopt in statute a definition of tobacconist that specifies at least 70% of its revenues are derived from the sale of premium cigars, pipe tobacco, and related products (not including cigarettes, electronic smoking devices, or other tobacco products such as hookah, chewing tobacco, snus, little cigars/cigarillos, or nicotine pouches) to align license requirements with its original legislative intentions. Alcohol sales should not be considered in the category of “related products.”</p>	<p>Largely included. Amends the statutory definition of tobacconist in Business Regulation Article §16.5-101(t) with the recommended types of tobacco products and related accessories.</p>
<p>Direct MDH to define the term “incidental” in Code of Maryland Regulations (COMAR) 10.19.04.02 as no more than 30% of revenues based on average daily receipts of tobacco retailers to align with the tobacconist definition.</p> <p>This is in relation to Health-General Article §24-505 (i.e., CIAA statute) which outlines businesses exempt from the CIAA to include: “retail tobacco business ... in which the primary activity is the retail sale of tobacco products and accessories; and the sale of other products is incidental”.</p>	<p>Achieved via alternate method. Restricts the CIAA exemption (quoted to the left) to “tobacconist[s] as defined in §16.5-101 of the Business Regulation Article”.</p> <p>This removes the exemption to the CIAA for any business that is not a tobacconist.</p>
<p>Clarify that only products sold by the retailer can be smoked on-site in licensed tobacconist facilities. The smoking of cigarettes and vaping would be prohibited within the facility.</p>	<p>Included. Requires that “the customer purchases and consumes a premium cigar or pipe tobacco” sold by the tobacconist, and prohibits the use of “cigarettes, electronic smoking devices, or cannabis” on the premises.</p>
<p>Create a statewide BYO license for tobacconists issued by the local liquor boards to track the number of tobacconists operating with BYO. The local liquor boards should notify the ATCC of any issuance.</p>	<p>Partially included. Does not create a BYO license. Allows, other than in Montgomery County, a local licensing board to authorize BYO, and directs the licensing board to notify ATCC.</p>
<p>Clarify that licensed tobacconists are allowed to obtain an on-site consumption alcoholic beverage license or BYO license without contravening the existing indoor smoking ban for bars and restaurants.</p>	<p>Included. Also prohibits Class C-PCL license holders from operating an onsite commercial kitchen.</p>

<sup>3</sup> Maryland Department of Health, “Issuance of Alcoholic Beverages Licenses to Tobacconists Workgroup Findings,” July 2025, Maryland Department of Health, 13 Feb 2026  
 <[https://dlslibrary.state.md.us/publications/Exec/MDH/Ch755Ch754\(2\)\(2024\).pdf](https://dlslibrary.state.md.us/publications/Exec/MDH/Ch755Ch754(2)(2024).pdf)>

Workgroup Recommendations <sup>3</sup>	SB 623 as amended
Prohibit tobacco retailers from receiving an on-site consumption alcoholic beverage license if they do not meet the new definition of a tobacconist, which requires at least 70% of its revenues are derived from the sale of premium cigars, pipe tobacco, and related products.	Included.
<p>Allow existing tobacco retailers who are licensed to sell alcohol for on-site consumption but do not meet the proposed tobacconist requirements to:</p> <ul style="list-style-type: none"> <li>a. Be given a two-year period to comply with the tobacconists requirements; or</li> <li>b. Be subject to the revocation or denied renewal of their tobacconist license.</li> </ul>	Included.
Create a registry of licensed tobacconists operating lawfully under the CIAA exemption managed by ATCC. New businesses applying for a license and existing businesses using the two-year compliance period to meet the new license criteria should be required to register immediately with the ATCC.	The registry is not included. The businesses exempt from the CIAA would be narrowed to only licensed tobacconists selling primarily premium cigars, pipe tobacco, and accessories. This change would allow ATCC or the Department to determine whether a business is exempt from the CIAA based on whether it holds a tobacconist license.
Require licensed facilities operating under the CIAA exemption to display signage indicating that smoking is allowed indoors.	Included.
Prohibit individuals under the age of 21 to enter any licensed tobacconist facilities.	Partially included. Included for tobacconists seeking Class C-PCL licenses or BYO authorization, but not tobacconists generally.
Prohibit tobacconist licensing for properties directly adjacent to a healthcare or childcare/child-related facility.	Partially included. Prohibits tobacconists from receiving new licenses if sharing a wall with a licensed health care or child care facility, unless the facility relocates to a location that shares a wall with an already-licensed tobacconist.

In addition, SB 623 as amended contains several provisions which were discussed by the Workgroup, but not ultimately included in the Workgroup's recommendations:

- A geographic restriction on the number of licenses of one license per 150,000 residents or one license per county, whichever is greater, subject to local restrictions;
  - As amended, the bill excludes Montgomery County entirely from issuing C-PCL licenses or BYO authorizations to tobaccoists;
- Requires that a license application include “a building plan demonstrating specifications for air filtration and exhaust”;
  - The first reader included a requirement for “sufficient” air filtration and exhaust, which the Department noted is not attainable.
  - The organization that establishes building ventilation standards and guidance (originally the American Society for Heating, Refrigeration and Air-Conditioning Engineers, now ASHRAE) has a specific policy statement on this question, stating “[T]he building and its systems can reduce only odor and discomfort but cannot eliminate exposure when smoking is allowed inside or near a building...”<sup>4</sup>.
  - As amended, the word “sufficient” is no longer included.
- Requires “each employee of a licensed establishment to sign an acknowledgment that enumerates the dangers of secondhand smoke and states that the employee will be subjected to secondhand smoke.” As amended, the bill requires the acknowledgement to also state that it “does not constitute a waiver of the employee's rights under ... workplace safety regulations.”

SB 623 would have an operational impact on the Department. If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Governmental Affairs at [meghan.lynch@maryland.gov](mailto:meghan.lynch@maryland.gov).

Sincerely,



Meena Seshamani, M.D., Ph.D.  
Secretary of Health

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<sup>4</sup> ASHRAE. Position document on Environmental Tobacco Smoke. Approved June 28, 2023. Accessed at: <https://www.ashrae.org/File%20Library/About/Position%20Documents/pd-on-environmental-tobacco-smoke-english.pdf>.