



DEPARTMENT OF HEALTH

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

February 23, 2026

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

RE: House Bill 766 – Retail Tobacco Businesses and Establishment of a Premium Cigar Lounge Alcoholic Beverages License (Maryland Premium Cigar Lounge Act of 2026) – Letter of Information

Dear Chair Wells and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for House Bill (HB) 766 – Retail Tobacco Businesses and Establishment of a Premium Cigar Lounge Alcoholic Beverages License (Maryland Premium Cigar Lounge Act of 2026). HB 766 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 (HB 238/Senate Bill [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.”¹ 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 compared with the provisions of HB 766.

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

Workgroup Recommendations ²	HB 766
<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>Excludes alcohol from “related products”, but does not change the statutory definition of tobacconist in Business Regulation Article §16.5-101(t).</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>Amends Health-General Article §24-505 (i.e., CIAA statute) with the recommended ratio.</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>Requires that “the customer purchases and consumes a product sold by the license holder during the time the customer is on the premises”. No exclusion of smoking cigarettes or vaping.</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>Allows BYO under the new C-PCL license; does not specifically track BYO as a separate statewide license. Authorizes a statewide registry in Health-General, but does not require reporting by local liquor boards in the Alcoholic Beverages Article.</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.</p>

² 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 ²	HB 766
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.	New definition of tobacconist not included, but restriction that 70% of sales must be related to premium cigars, pipe tobacco, and related products is included
Allow existing tobacco retailers who are licensed to sell alcohol for on-site consumption but do not meet the proposed tobacconist requirements to: <ul style="list-style-type: none"> a. Be given a two-year period to comply with the tobacconists requirements; or b. Be subject to the revocation or denied renewal of their tobacconist license. 	Not 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.	Creates a registry operated by ATCC of all businesses exempt from the CIAA.
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 licensed tobacconist facilities.	Not included.
Prohibit tobacconist licensing for properties directly adjacent to a healthcare or childcare/child-related facility.	Included.

HB 766 also adds several new provisions that were discussed in the Workgroup, but not ultimately included in the Workgroup’s recommendations:

- Adds a geographic restriction on the number of licenses of one license per 150,000 residents or one license per county, whichever is greater;
- Requires that a license application include “a building plan demonstrating sufficient air filtration and exhaust”
 - The workgroup discussed 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...”³;

- Requires “each employee of a licensed establishment to sign an acknowledgment that the employee will be subjected to secondhand smoke.”

HB 766 would have an operational but not a fiscal 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.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Meena Seshamani', with a stylized flourish at the end.

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

³ 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>.