

**Maryland Department of Health**  
**Issuance of Alcoholic Beverages Licenses to Tobacconists Workgroup Meeting**  
**December 12, 2024**  
**1:00 - 2:30 pm**

**MINUTES**

**Attendees:**

Members:

Steven Arentz  
Finnie Pecunes Helmuth  
Carl Jackson  
Nilesh Kalyanaraman  
Jeffrey Kelly  
Ronald Watson

Staff:

Subha Chandar  
Victoria Marte-Tiburcio  
Christopher McGrath  
Clifford Mitchell  
Dana Moncrief  
Jody Sheely

Public:

Thomas Akras  
Matthew Bohle  
Nick Casinelli  
Mr. C's Cigar Lounge  
Jocelyn Collins  
Nancy Crawford  
Laura Hale  
Jeffrey Hann  
Lance Kilpatrick  
Glynn Loope  
Meghan Lynch  
Bobby Oler  
Samuel Paul  
James Price  
Abbey Rubeling  
Raj Singh  
Scott Tiffin  
Brooke Torton  
Jacki Wobser

**Meeting Notes:**

**Welcome & General Business**

- Nilesh Kalyanaraman opened the meeting and welcomed attendees.
- Jody Sheely provided an overview of the Open Meeting Act and conducted roll call.
- The Workgroup members adopted the November 21, 2024 meeting minutes.

**Clean Indoor Act Recap, Definitions, and Options**

- Nilesh Kalyanaraman introduced Nick Casinelli, Connecticut Cigar Company owner.
- Dana Moncrief reminded the Workgroup of the purpose of the report and reviewed definitions for the terms *tobacconist* and *tobacco retailer*.

**Overview of the Connecticut Experience**

*Speaker - Nick Casinelli, Connecticut Cigar Company*

- Nick Casinelli explained how the cigar bar exception has increased business and state revenue. He highlighted the importance of the required ventilation systems and mentioned negotiations among legislators to limit the number of locations in the city.
- Steven Arentz asked Nick Casinelli how he distinguishes cigar and alcohol revenue, and whether he sells food at his establishment.
  - Nick Cassinelli explained that Connecticut legislation requires a 60% cigar/tobacco and 40% incidental revenue split. He highlights that eligibility is restricted to businesses operating since 2022.
  - Nick Casenelli stated that he does not sell food at his establishment, but they are required to have delivery menus on-site for consumers.
- Steven Arentz requested further clarification on the provision restricting eligibility to businesses operating since 2022. Nick Cassinelli explained that the cut off date reduces competition between large companies and small businesses. Nick Casinelli clarified that business opportunities still exist for new cigar lounges, however these potential new cigar lounges can not sell alcohol.
- Ronald Watson asked what were the set hours for alcohol sales at the Connecticut Cigar Company. Nick Casinelli emphasized that cigar bar owners are required to adhere to Connecticut law, like other bars and restaurants.
- Finnie Helmuth asked Nick Casinelli to speak about the signage and the contractual agreement with employees. Nick Casinelli clarified these agreements are used for legal purposes to warn employees of the hazards of secondhand smoke and are not required by the State. He also shared that the ventilation requirement had both health and marketing benefits.

### **Clean Indoor Act Definitions and Options**

- Dana Moncrief provided an overview of the current environment surrounding alcohol sales and enforcement. She explained that the Comptroller audits businesses to ensure they are in compliance with the definition of a “tobacconist.”
  - Jeffrey Kelly added that the purpose of the audit is wide, for both tax compliance and regulation.
  - Dana Moncrief explained that enforcement is complaint based, handled by the Maryland Department of Health (MDH) and Maryland Occupational Health and Safety (MOSH).

### **Workgroup Summary to Date**

- Nilesh Kalyanaraman provided a summary of the Workgroup findings and the options identified during the previous meeting, which included:
  - Allowing tobacconists to have bring-your-own beverage (BYO) licenses.
  - Creating a special license for premium cigars businesses.
  - Amending the current definition of “tobacconist” to limit to premium cigar and pipe tobacco businesses.

- Amending the Clean Indoor Air Act (CIAA) to explicitly permit alcohol licensure to tobacconists.

#### *Allowing Tobacconists to Have Bring-Your-Own Beverage Licenses*

- Nilesh Kalyanaraman explained that BYO laws vary by jurisdiction and the practice is permitted in cases where the law is silent. He emphasized that BYO would maintain the tobacco license proportion of primary activity while allowing revenue through corkage fees.
- Finne Hulmuth shared that approximately half of the retailers in the Cigar Retailers Association have expressed support for BYO.
  - Nilesh Kalyanaraman asked how many retailers were surveyed. Finnie Helmuth explained that she regularly communicates with approximately 45-50 retailers and 23-25 responses favored BYO.
  - Steven Arentz asked what percentage of total tobacconists this group represents.
  - Jeffrey Kelly estimated the group represents 40-50% of total tobacconists. Jeffrey Kelly explained that there are over 200 licensed tobacconists in the state but not all should be considered tobacconists under the current definition. He highlights that there is no verification of compliance until an audit takes place.
- Steven Arentz asked why tobacconists may prefer BYO as opposed to alcohol licensure. Finnie Helmuth explained some businesses can not cover the costs of building a bar and supplying the liquor.
- Ronald Watson also highlighted how incidental income can help cover costs for tobacconists, especially those who rent.

#### *Creating a Special License for Premium Cigars Businesses*

- Nilesh Kalyanaraman outlined how this option would create a special license for premium cigars business or modify the tobacconists definition to specify premium cigar businesses.
  - Finnie Helmuth expressed that this was the original intent of the tobacconists license.
  - Jeffrey Kelly added that the changes in other tobacco products (OTP) in recent years have expanded the types of business that can qualify for a tobacconist license. He called for further restriction of the tobacconist definition.
- Ronald Watson highlighted the hours of sale of alcohol falling under how the Workgroup would classify the special license. He asked the Workgroup to consider the gross revenue split, suggesting 60% OTP/40% incidental.
- Nilesh Kalyanaraman clarified the tobacconist definition already includes a 70% OTP/30% incidental revenue split.
- Ronald Watson asked the Workgroup to consider hours of operation compared to hours for alcohol sale. Jeff Kelly agreed that established hours of alcohol sale sounds

reasonable considering business can still operate outside those hours providing other services.

- Ronald Watson asked if creating a new special license would impact current cigar retailers with alcohol licenses. Finne Helmuth highlighted the hours of operation as a potential issue with businesses, as they vary greatly, however believed a separate definition would be welcomed by cigar retailers.
- Jeff Kelly stated that the license should be issued locally. He also suggested a BYO license to gain an understanding of the scope of business allowing these practices. Jeff Kelly emphasized that the definition should be restricted to premium cigar retailers to exclude business primarily selling vape products, mass market cigars, and other OTP.
- Steven Arentz questioned the necessity of BYO licenses, stating that it would burden businesses with additional licensing costs and requirements.
- Nilesh Kalyanaraman asked for clarification on the implications of requiring a BYO license in terms of enforcement and oversight.
  - Jeff Kelly explained that enforcement would be shared by local boards and the Alcohol, Tobacco, Cannabis Commission (ATCC). Thomas Akras, Director of the ATCC Legal and Legislative Division, recognized by Nilesh Kalyanaraman, explained how local health departments, fire departments, and police departments enforce the provisions of BYO.

#### *Amend CIAA*

- Nilesh Kalyanaraman explained how this option would exempt a business from the CIAA if it complies with the current definition of a “tobacconist.”
- Steven Arentz asked whether these businesses would be allowed to bring in food deliveries.
  - Finnie Helmuth explained that at most establishments customers order food for delivery. She explained that food delivery workers do not have to enter the store to address concerns about secondhand smoke exposure.
- Finnie Helmuth stated how she favors limited expansion, emphasizing that alcohol licenses do not appeal to every cigar retailer.
- Nilesh Kalyanaraman prompted the Workgroup to consider how the current environment may shift in 5-20 years, suggesting it is best to recommend narrow definitions.
- Jeff Kelly explained how the number of licenses could be limited using census data. Finnie Helmuth agreed to limiting the number of lounges by population in each county.
- Ronald Watson asked if locals would have additional discretion to limit the amount of cigar lounges further, if they chose to do so.
- Jeff Kelly clarified that locals typically do not limit the number of licenses issued without cause if they are able to issue more licenses.
- Ronald Watson explained how Prince George’s County local government determined that the county would have no more than four cigar lounges. He expressed how locals should have discretion to make decisions that are specific and unique to the county.

- Jeff Kelly clarified that the Alcohol Beverages and Cannabis Article is set up similarly with division one establishing the general statewide rule, and division two being specific to every jurisdiction.
- Steve Arentz shared his experience living in rural counties with less population density. He disagrees that the number of cigar lounges should be limited by population, stating that competition is beneficial.
- Ronald Watson explained how competition would pose a unique threat to certain populations and may exacerbate health issues within those communities.
- Nilesh Kalyanaraman discussed next steps, asking Workgroup members to consider the approach to the report.

### **Public Comment**

- Nilesh Kalyanaraman opened the public comment period.
- Lance Kilpatrick, Government Relations Director of the American Cancer Society Cancer Action Network, offered additional insight on the Connecticut experience, explaining how the law prohibits the sale of cigarettes and requires qualifying cigar lounges to provide health insurance to their employees and their dependents. He added that ventilation systems were proved to not be fully effective.

### **Closing Remarks**

- Nilesh Kalyanaraman closed the public comment period and thanked the Workgroup for their participation.