

Maryland Department of Health
Issuance of Alcoholic Beverages Licenses to Tobacconists Workgroup Meeting
February 10, 2024
10:00 - 11:00 am

MINUTES

Attendees:

Members:

Steven Arentz
Finnie Pecunes Helmuth
Nilesh Kalyanaraman
Jeffrey Kelly
Ronald Watson

Staff:

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

Public:

Matthew Bohle
Aleks Casper
William Castelli
Jocelyn Collins
Eric Gally
Naseeb Kibria
Lance Kilpatrick
Ilan Kokotek
Katherine Natafgi
Alexandra Nowalk
Samuel Paul
Abbey Rubeling
Scott Tiffin
Brooke Torton

Meeting Notes:

Welcome & General Business

- Nilesh Kalyanaraman opened the meeting and welcomed attendees.
- Jody Sheely conducted a roll call and provided an overview of the Open Meeting Act.
- The Workgroup members adopted the January 17, 2025 meeting minutes.
- Nilesh Kalyanaraman provided an overview of the meeting and the Workgroup's statutory purpose.

Discussion of Recommendations

- Nilesh Kalyanaraman highlighted the recommendations discussed in the previous Workgroup meeting, including:
 - 1) Limiting the percentage of alcohol sales within the 30% of incidental sales permitted under the tobacconist license as defined in Business Regulation §16.5-101(t).
 - 2) Prohibiting tobacco retailers who are not tobacconists from receiving an on-site alcoholic beverage license.

- 3) Allowing a one-year period for existing tobacco retailers to comply with the tobaccoists requirements if they wish to retain their license.
- Ronald Watson objected to further limiting alcohol sales under the sale of incidental products. Finnie Helmuth concurred, asserting that the makeup of the incidentals should be left to the discretion of the tobaccoist.
 - Steven Arentz asked for clarification on which items would be categorized under incidental sales. Jeffrey Kelly explained that any item that is unrelated to tobacco products (i.e., soft drinks, mugs, t-shirts) would fall under incidental sales.
 - Jeffrey Kelly explained that the restaurant industry also manages similar requirements with the sale of food and alcohol. Ronald Watson further clarifies that incidental sales do not include products related to tobacco.
 - Nilesh Kalyanaraman recognized the Workgroups broad recommendation: no restrictions on the sale of alcohol within the permitted 30% incidental sales.
 - Finnie Helmuth shared concerns about current licensees who are operating legally having their license revoked under the new requirements. Ronald Watson believes current tobaccoists should be grandfathered into the new license requirements.
 - Jeffrey Kelly clarified that the tobaccoist's license currently requires 70% tobacco and related products and 30% incidental.
 - Nilesh Kalyanaraman shared that he does not anticipate the impact to be significant. He asked the Workgroup to be receptive to public health considerations with expanding exemptions.
 - The Workgroup invited input from current tobaccoists who believe they will be adversely impacted by the recommended requirements.
 - Clarence Lam expressed his support limiting alcohol sales to up to 10% of gross sales
 - Ronald Watson believed further restrictions on alcohol sales with the 30% incidental would disrupt the business models of current tobaccoists.
 - Steven Arentz expressed his support for the open incidental to prioritizing business growth and revenue generation.
 - Nilesh Kalyanaraman asked the Workgroup whether they would be open to setting a larger percentage limiting alcohol sales (e.g., 15% to 20%).
 - Finnie Helmuth offered to survey the Cigar Retailers Association to understand the implications of further limiting alcohol sales.
 - Nilesh Kalyanaraman explained the statutory and regulatory changes that would be required to implement the Workgroup's recommendation.
 - Jeffrey Kelly clarified that the tobaccoist definition would permit tobacco-related products within the required 70% of tobacco sales. There were no additional comments from the Workgroup.
 - Nilesh Kalyanaraman presented additional considerations which included:
 - 1) Creating a registry of businesses operating under the CIAA exemption managed by the ATCC

- 2) Limiting the number of tobacco establishments receiving on-site alcoholic beverage licenses by geography, population, or other demographic/political considerations.
- Finnie Helmuth supported the creation of a CIAA-exempt business registry while also sharing concerns about limiting the number of tobacco establishments.
 - Steven Arentz expressed similar concerns for rural counties that would have potentially large distances between these establishments.
- Clarence Lam believed local jurisdictions should be handling limitations on the number of tobacco establishments.
- Jeffrey Kelly suggested grandfathering current business and specifying that these licenses are non-transferrable to avoid creating value in the license itself if limitations are established.
 - Ronald Watson believes the tobacco license should be transferable as long as it is not used to open a liquor store.
 - Finnie Helmuth shared that restricting the transfer of these licenses may affect retailers who would like to sell their businesses

Public Comment

- Niles Kalyanaraman opened the public comment period.
- Lance Kilpatrick, representing the American Cancer Society Cancer Action Network, emphasized that these decisions should be about the health and wellness of Marylanders, and expanding business opportunities would create demand for these licenses.
- There were no additional comments.

Closing Remarks

- Niles Kalyanaraman thanked the Workgroup for their participation.