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Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Lorenz

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SUMMARY

Cigar bars

- Creates a program, operated by the Department of Commerce in conjunction with the Department of Health, for the licensure and operation of cigar bars for which a D liquor permit has been issued.
- Exempts licensed cigar bars from Ohio's Smoke-Free Workplace Law.
- Requires a cigar bar owner to post written notice that informs patrons that they will be exposed to cigar smoke in the establishment.
- Requires a cigar bar owner to designate an indoor smoking area that is enclosed, ventilated, and separate from all other areas of the cigar bar.
- Prohibits the operation of a cigar bar located within 500 feet of a school, church, or child care center unless approved by local authorities.
- Allows a municipal corporation to establish additional requirements for cigar bars within its jurisdiction or prohibit the operation of a cigar bar.

Sales tax exemption for cigars

- Exempts the sale of cigars from state and local sales taxes, if the cigar is sold for consumption on the premises of a licensed cigar bar or a qualifying retail tobacco store.

DETAILED ANALYSIS

Cigar bars

The bill creates a program, operated by the Department of Commerce in consultation with the Department of Health, under which cigar bars may be licensed to operate in Ohio. It also

exempts those establishments from Ohio's Smoke-Free Workplace Law, which generally prohibits smoking in public places and places of employment.¹

Under the bill, an establishment qualifies for licensure as a cigar bar if its operator holds a D liquor permit for the establishment, which are typically issued to bars and restaurants, and all of the following applies to the establishment:

- It sells cigars, and all cigars are premium cigars;²
- It has a walk-in humidor;
- It does not sell any other smokeable consumer product;
- It prohibits the smoking of any consumer product other than premium cigars sold on the premises; and
- It prohibits entry to individuals under 21.³

Currently, it is illegal to operate a cigar bar in Ohio. Under the Smoke-Free Workplace Law, smoking is generally prohibited in public places and places of employment. Exceptions to that law include retail tobacco stores that derive 80% of their revenue from tobacco products. While retail tobacco stores allow indoor smoking, under current law, these stores are prohibited from serving beer or intoxicating liquor or operating as a restaurant.⁴ Thus, it is currently illegal to operate an establishment that allows indoor smoking and serves alcohol.

License

In order to operate a cigar bar, a person must obtain a license from the Director of Commerce in conjunction with the Director of Health. To obtain a cigar bar license, an applicant must submit an application to the Directors along with a \$500 application fee.

The Directors must adopt rules that establish all of the following regarding a cigar bar license:

- Information that must be included with an application for a license;
- Procedures for the approval of a license;
- Grounds and procedures for the denial, suspension, or revocation of a license; and

¹ R.C. 3794.03(J).

² A "premium cigar" means any roll for smoking, other than cigarettes and little cigars, that is made wholly or in part of tobacco and that has all of the following characteristics: (1) the binder and wrapper of the roll consist entirely of leaf tobacco, (2) the roll contains no filter or tip, nor any mouthpiece consisting of a material other than tobacco, and (3) the weight of 1,000 such rolls is at least six pounds (see R.C. 5743.01(Q), not in the bill).

³ R.C. 3794.21(B).

⁴ R.C. 3794.01(H), not in the bill.

- Any other requirements and procedures determined necessary by the Directors to implement the bill's provisions.

The Directors must issue a license if an applicant complies with those rules and pays the application fee. A cigar bar license is valid for one year after issuance. It must be renewed in the same manner as an initial license, including payment of a \$500 license renewal application fee.⁵

Operation

The bill requires a licensed cigar bar owner to post written notice that informs patrons that they will be exposed to cigar smoke in the establishment. The owner must display the notice in a conspicuous place at each entrance to the cigar bar and the notice must read "WARNING: Smoking is Allowed in This Establishment." Additionally, the owner must designate an indoor smoking area that is separately enclosed and ventilated with an air purification system to ensure cigar smoke does not enter any areas where smoking is otherwise prohibited.⁶

The bill prohibits a cigar bar from being located within 500 feet of a school, church, or child care center, unless approved by local authorities. Further, a municipal corporation may establish requirements for cigar bars within its jurisdiction in addition to requirements established under the bill. A municipal corporation also may prohibit the operation of a cigar bar through local ordinance.⁷

Cigar Bar Fund

The bill creates the Cigar Bar Fund in the state treasury. The fund consists of money collected from cigar bar license applications and renewal fees. The Directors of Commerce and Health must use the fund money to administer and enforce the bill's provisions.⁸

Sales tax exemption for cigars

The bill exempts the sale of cigars from state and local sales taxes, if the seller is either a licensed cigar bar or a qualifying retail tobacco store and if the cigar is smoked on the establishment's premises. Sales at a retail tobacco store qualify if cigars are the only products that the store allows consumers to smoke on its premises. The exemption applies to cigars sold on or after the first day of the first month that begins after the bill's 90-day effective date.⁹

⁵ R.C. 3794.22.

⁶ R.C. 3794.23(A) and (B).

⁷ R.C. 3794.23(C) and (D).

⁸ R.C. 3794.24.

⁹ R.C. 5739.02(B)(65) and 5739.03; Section 3.

HISTORY

Action	Date
Introduced	10-28-25
