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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 530
(with AM2770)
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 530's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Dell'Aquila and Mathews

Local Impact Statement Procedure Required: No

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Highlights

- The Ohio Department of Health (ODH) may experience an increase in costs to verify that cigar bars submitting an affidavit are actually exempt from the Smoke-Free Workplace Law. There may also be one-time costs to ODH or local boards of health to update rules or to provide any trainings regarding this exemption.
- The bill creates a new D-10 liquor permit for eligible cigar bars. The permit fee is \$400. Liquor permit fees are deposited into the Undivided Liquor Permit Fund (Fund 7066), and subsequently distributed to the State Liquor Regulatory Fund (Fund 5LP0), to eligible political subdivisions, and to the Statewide Treatment and Prevention Fund (Fund 4750).

Detailed Analysis

Cigar bars

The bill exempts certain cigar bars from the Smoke-Free Workplace Law with regard to cigar smoke only. The bill limits the exemption to establishments that derive more than 20% of their revenue from cigar or cigar-related products and are located in a freestanding structure where smoke cannot migrate into an enclosed area where smoking is prohibited. The bill specifies that an establishment that has been issued a liquor permit may be considered a cigar bar, so long as the establishment otherwise meets the definition of a cigar bar and complies with all requirements associated with the exemption. Cigar bars that seek to utilize the exemption are required to file with the Ohio Department of Health (ODH), no later than January 31 each year, an affidavit stating the percentage of the bar's gross income during the prior calendar year that was derived from the sale of cigars, cigar accessories, and fixtures. Under continuing law, upon a finding by ODH that an individual or proprietor has violated any provision of the Smoke-Free Workplace Law, ODH is required to issue a warning letter, and upon a finding of a second or

subsequent violation, must issue a civil fine. ODH may also sue repeat offenders seeking a court order requiring the offender to stop the offending behavior.

ODH will experience an increase in costs to accept affidavits and possibly verify that cigar bars submitting an affidavit are actually exempt from the Smoke-Free Workplace Law. Costs will depend on the number of establishments seeking an exemption and the verification process but are likely to be minimal. ODH or local boards of health may also realize one-time costs, if necessary, to update rules or to provide training regarding the bill's exemption. There might be some initial complaints to ODH or local boards of health regarding the smoking of cigars in these establishments until the public becomes aware of these exemptions. Any fines resulting from violations of the Smoke-Free Workplace Law are deposited in the Smoke Free Indoor Air Fund (Fund 5ED0).

D-10 liquor permits

The bill establishes a D-10 liquor permit, which is issued to an owner or operator of a cigar bar to sell beer or liquor for either on- or off-premises consumption. The permit may only be issued if the cigar bar is located in a precinct in which the sale of beer or liquor is otherwise permitted by law. The bill also exempts a D-10 permit holder from the current Sunday sales local option election process. The permit fee for the new D-10 permit is \$400. It is unclear as to how new D-10 permits would be issued under the bill. Liquor permit fee revenue is deposited into the Undivided Liquor Permit Fund (Fund 7066). The table below summarizes how liquor permit fee revenue from Fund 7066 is distributed.

Liquor Permit Distributions from the Undivided Liquor Permit Fund to Receiving Entities	
Entity	Distribution Percentage
State Liquor Regulatory Fund (Fund 5LP0)	45%
Municipalities and Townships	35%
Statewide Treatment and Prevention Fund (Fund 4750)	20%
Total	100%