

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

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|------------------------|--------------------------------|-----------------|------------------|
| Bill Request #: | 1465 | Bill #: | HB 194/HCS 1 |
| Document ID #: | 4226 | Sponsor: | Rep. Chris Lewis |
| Bill Title: | AN ACT relating to cigar bars. | | |

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local

Office(s) Impacted: Legal, code enforcement

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 194/HCS 1 would create a new section of KRS Chapter 65 to define “cigar bar” as an establishment that:

1. Holds a quota retail drink license for on-site consumption of alcoholic beverages, unless a local government by ordinance authorizes a cigar bar to operate without requiring a quota retail drink license, though such cigar bar must meet the other criteria of subsection (1)(a), set out at 2-4, below;
2. Generates 25% or more of annual gross income from on-site sale of cigars, pipe tobacco, and related paraphernalia and rental of humidors, or a combination thereof;
3. Does not knowingly sell products or services to, or permit entrance, to anyone under age 21; and
4. Prohibits use of e-cigarettes or vapor products or smoking other than cigars and pipe tobacco inside the cigar bar.

Section 1 (2) would establish that a local government may not prohibit or restrict smoking cigars or pipe tobacco inside a cigar bar.

Cigar bars would be subject to other state and local laws not in conflict with HB 194/HCS 1. The bill would impose requirements on any future cigar bar that shares a

wall or other enclosed air space with another structure to prevent smoke from entering that adjacent structure. These smoke-control requirements would not apply to any cigar bar in operation at the time of enactment.

Local governments would be allowed to require a cigar bar obtain an annual permit to operate, and may require inspection of facilities and documentation of compliance. Local governments may establish a permit fee so long as the fee:

1. Is reasonable and consistent with permit fees for similar businesses; and
2. Does not exceed costs of policing, regulating, and administering the cigar bar pursuant to law.

The fiscal impact of HB 194/HCS 1 on local governments would be minimally positive or minimally negative depending on whether the local government must amend their ordinances to exempt cigar bars from a non-smoking ordinance, and whether they decide to impose a licensing and fee requirement on cigar bars.

HB 194/HCS 1 would not alter the fiscal impact of the bill as introduced. Cities and counties that have ordinances forbidding or restricting smoking would incur costs to amend their local ordinances to except cigar bars from the prohibition. The costs to amend a local ordinance include attorney fees to draft new language and costs of publishing the proposed new ordinance in the local newspaper. Local governments that must create ordinances exempting cigar bars would incur costs associated with the drafting, publication, indexing and recording of adopted ordinances, and at least every five years, review and eliminate redundant, obsolete, inconsistent, and invalid provisions.

According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting an ordinance is influenced by its complexity and the amount of research that is necessary. In FY 2022, the average hourly rate was \$125. Rates for legal notices vary greatly depending on the length of the publication, the number of times it needs to be published and the newspaper in which the publication is placed. Therefore, these costs are unknown.

According to the Kentucky Association of Counties, “The cost of publishing the ordinance would be borne by the local government enacting the ordinance. Most county ordinances are required to be published once after passage (KRS 67.077). An exception to this is the county budget ordinance which requires two advertisements.” While they do not have data on the cost of publishing individual ordinances, a survey conducted in 2023 on total county publication costs found that counties spent on average \$13,433 in FY 2022 on publications.

Local governments that choose to impose a licensing requirement or who choose to authorize cigar bars that do not hold a license for the onsite consumption of alcohol would also need to amend ordinances to require and administer such licensing. A

local government that does so would be able to impose and collect a license fee or tax to defray costs of amending ordinances and inspection of cigar bars.

Enforcement of such an ordinance could require minimal additional local government resources.

Data Source(s): Kentucky Association of Counties; Kentucky League of Cities; LRC staff; Kentucky Press Association

Preparer: AS **Reviewer:** MS (MDA) **Date:** 1/29/26