

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1440

(Representatives D. Ruby, Dockter, Headland, Kasper, Marschall, Porter, Rohr, M. Ruby, Wolff)
(Senators Paulson, Weston, Wobbema)

AN ACT to amend and reenact subdivision d of subsection 3 of section 23-12-10 of the North Dakota Century Code, relating to cigar lounges.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subdivision d of subsection 3 of section 23-12-10 of the North Dakota Century Code is amended and reenacted as follows:

- d. ~~A cigar lounge, which has a valid certificate issued by the tax commissioner under this subdivision; has a humidor on the premises; is enclosed by solid walls or windows, a ceiling, and a solid door; and is equipped with a ventilation system by which exhausted air is not recirculated to nonsmoking areas and smoke is not backstreamed into nonsmoking areas. A cigar lounge meeting the requirements of this subdivision may permit~~that permits the smoking of cigars and pipe tobacco purchased on the premises, but may not permit the smoking of any other product on the premises.
- (1) An applicant for a certificate to operate a cigar lounge shall report to the tax commissioner, on a form prescribed by the commissioner, that the premises in which the cigar lounge will be operated has a humidor; is enclosed by solid walls or windows, a ceiling, and a solid door; and is equipped with a ventilation system by which exhausted air is not recirculated to nonsmoking areas and smoke is not backstreamed into nonsmoking areas. The commissioner may not require an applicant to report information regarding income from the sale of cigars and pipe tobacco in an initial application. Upon receipt of a report asserting compliance with this paragraph, the commissioner shall issue the applicant a certificate to operate a cigar lounge.
- (2) ~~A cigar lounge asserting the lounge meets the requirements of this subdivision~~paragraph 1 shall report to the tax commissioner before February first of each year following a full calendar year of operation, on a form prescribed by the commissioner, the revenue from the previous calendar year generated from the sale of cigars and pipe tobacco as a percentage of annual gross income from receipts or sales. Upon receipt of a report asserting compliance with the annual gross income requirements of this subdivision the cigar lounge generates fifteen percent or more of the business's annual gross income from receipts or sales from the sale of cigars and pipe tobacco, the commissioner shall issue~~an~~renew the annual certificate. The commissioner is not required to confirm the accuracy of information reported but may not issue~~renew~~a certificate absent supporting documentation from the lounge.
- (3) Information reported to the commissioner under this subdivision is subject to the confidentiality provisions of section 57-39.2-23.
- (2)(4) For purposes of this subdivision:
 - (a) "Cigar" means an individual roll of tobacco which has a wrapper or cover of whole leaf tobacco; does not contain filler other than tobacco filler; does not contain binder other than tobacco binder; does not contain additives other than water; does not contain a filter, tip, or nontobacco mouthpiece; weighs at least six pounds per thousand count; and is made by hand, except to allow for

the use of a manually operated machine to assist in bunching, rolling, and binding.

- (b) "Cigar lounge" means a business dedicated, in whole or in part, to the smoking of cigars ~~which generates fifteen percent or more of the business's annual gross income from the sale of cigars and pipe tobacco, which has a valid certificate issued by the tax commissioner.~~
- (c) "Pipe tobacco" has the meaning provided in section 57-36-01.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1440.

House Vote: Yeas 75 Nays 17 Absent 2

Senate Vote: Yeas 39 Nays 8 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this _____ day of _____, 2025,

at _____ o'clock _____ M.

Secretary of State