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Economic Matters Committee

Subcommittees

Alcoholic Beverages

Banking, Consumer Protection,
and Commercial Law

Worker's Compensation



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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Written Testimony for

HB 1116 - Business Regulation-Restaurants and Traders- Licensing Requirements

Good afternoon, Chair Wilson, and members of the Economic Matters Committee. I am Delegate Andrea Harrison, and I am here to present House Bill 1116, which focuses on Business Regulation-Restaurants and Traders-Licensing Requirements. The purpose of this bill is to clarify the license requirements for large retailers that feature in-store restaurants. HB 1116 directly addresses the licensing loophole created by the passing of SB 476 two years ago and emphasizes that each individual license stands on its own, however, having one type of license (restaurant) doesn't automatically exempt you from needing the other (trader's) if it would otherwise be required. A trader's license would be required when selling merchandise and operating an in-store restaurant, even when it's in the same establishment. This clarification ensures that Maryland businesses of all sizes operate on equal and ethical grounds.

In 2022, SB 476 removed the requirement for restaurants to obtain a trader's license, and instead simply required them to procure a restaurant license to operate lawfully. This bill was introduced under the pretense that it would be applied to "true" restaurants where the primary product provided was freshly prepared food, however the bill language did not

differentiate between “true” restaurants, such as Olive Garden and District 24’s Horace and Dickies Seafood, and in-store restaurants and food courts operated by large retailers such as Walmart, Costco, and Sams Club. Since restaurant licenses are cheaper than traders’ licenses, these large retail conglomerates could abuse the loophole created by SB 476, purchasing the cheaper restaurant licenses even though their primary business and products are unrelated to their food services. The enactment of HB 1116 aims to address this concern, ‘dispelling confusion and providing an additional layer of licensing clarification.

The cost of obtaining a trader's license can be relatively high, with fees potentially reaching up to \$800. In contrast, restaurant licenses are more cost-effective, typically ranging from \$200 to \$400. However, no matter how expensive, regulations should be followed in obtaining correct licenses. HB 1116 makes it clear that a trader’s license is distinct from a restaurant license. Whenever an establishment sells anything, they are required to have a trader’s license. The changes to restaurant licensing doesn't negate the necessity of a trader’s license and does not apply to establishments engaging in the sale of both merchandise and in store restaurants.

In conclusion, this bill addresses a loophole in licensing requirements only for large retailers. Closing this loophole is essential for maintaining a fair, transparent, and ethical business environment within Maryland. I strongly encourage you to vote favorably on House Bill 1116.