

Testimony HB 1116 Poyer.pdf

Uploaded by: Scott Poyer

Position: FAV

HB1116 Business Regulation - Restaurants and Traders - Licensing

Finance Committee – March 27, 2024

Sponsor: Delegate Andrea Harrison

Position: Favorable

Testimony of Scott Poyer, Clerk of the Circuit Court, Anne Arundel County

Thank you, Chair Beidle, Vice Chair Klausmeier, and members of the committee, for this opportunity to testify in support of House Bill 1116. For the record, my name is Scott Poyer, Clerk of the Circuit Court for Anne Arundel County. I am also here on behalf of the Maryland Circuit Court Clerks Association, which represents the 24 elected clerks of the circuit court in Maryland.

The Clerks of the Circuit Court support HB 1116 because it will clarify that businesses that only act as a restaurant will only require a restaurant license, but if they also sell merchandise then they will also need a trader's license. This brings the restaurant license into line with all other business licenses, in that each type of license is separate and having one type of license does not grant the holder an exemption from obtaining another type of license.

The bill closes a potential loophole in the current statutes, which led to questions as to whether a large retailer that also happens to have a restaurant on its premises, would only need to pay the restaurant licensing fee each year, which is as low as \$10, instead of the trader's license fee required of all retailers, which is as high as \$1,600. This bill would clarify that a large retailer with a restaurant would be required to obtain both a trader's license and a restaurant license since they are engaged in both types of business operations.

The Clerks also support the amendment to exempt restaurants which earn less than 10% of their revenue from merchandise from the requirement to get a separate trader's license.

The Clerks ask for a favorable report on HB 1116 as amended, and we would like to thank Delegate Harrison for sponsoring this bill. Thank you for the opportunity to comment, and I am available if you have any questions.

Attachment: Letter of Support from Maryland Circuit Court Clerks' Association.

Debra J. Burch – President-Elect
St. Mary's County

Lisa Yates – Secretary
Charles County



Maryland Circuit Court Clerks' Association

Michelle Karczeski – Vice-President
Harford County

24 Summit Ave.
Hagerstown, MD 21740

Heather S. DeWees
President
Carroll County

Joyce Tippet – Treasurer
Charles County

March 25, 2024

Delegate Andrea Harrison
204 Lowe House Office Building
6 Bladen Street
Annapolis, MD 21401

Delegate Harrison,

Thank you for sponsoring House Bill 1116, Business Regulation - Restaurants and Traders - Licensing Requirements. The Circuit Court Clerks' Association, representing the twenty-four elected Clerks in the State of Maryland, support this bill to clarify the requirements for restaurant licenses and trader's licenses. We also support the amendment to exempt restaurants which earn less than 10% of their revenue from merchandise from the requirement to get a separate trader's license.

Best regards,

A handwritten signature in cursive script that reads "Heather S. DeWees".

Heather S. DeWees, President
Maryland Circuit Court Clerks' Association

HB 1116_Del Harrison_FWA.pdf

Uploaded by: Delegate Andrea Harrison

Position: FWA

ANDREA FLETCHER HARRISON
Legislative District 24
Prince George's County

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

March 27, 2024

Written Testimony for

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

Good afternoon, Chair Pam Beidle, and members of the Finance 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.

I would also like to offer an amendment to this bill, so that it” only applies to restaurants that generate less than a certain percentage of their sales from nonfood items” and change Business on page 2 line 14 to “restaurant licensed under Subtitle 16 of this title”.

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.

HB1116_SponsorAmendments

Uploaded by: Delegate Andrea Harrison

Position: FWA



HB1116/523128/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

26 MAR 24
10:29:25

BY: Delegate Harrison
(To be offered in the Finance Committee)

AMENDMENTS TO HOUSE BILL 1116
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike “repealing” and substitute “altering”; strike beginning with the comma in line 3 down through the comma in line 5; and in line 6, after “license” insert “to apply only to restaurants that generate less than a certain percentage of their sales from nonfood items”.

AMENDMENT NO. 2

On page 2, in line 14, strike “BUSINESS” and substitute “restaurant licensed under Subtitle 16 of this title”.

HB1116_RestaurantAssoc_Thompson_FWA.pdf

Uploaded by: Melvin Thompson

Position: FWA



House Bill 1116

Business Regulation - Restaurants and Traders - Licensing Requirements

March 27, 2024

POSITION: Favorable with Amendment

Madame Chair and Members of the Senate Finance Committee:

The *Restaurant Association of Maryland* supports House Bill 1116 with the minor clarifying amendment to be offered by the bill sponsor.

Our organization also supported Chapter 315 of 2022, which made various updates and changes to business license requirements under Title 17 of the Business Regulation Article. Among those changes, [Section 17-1603](#) requires a person to have only a restaurant license whenever the person operates a restaurant or other eating place. Prior to 2022, this section of law required both a restaurant license and a trader's license. The 2022 legislation removed the trader's license requirement for restaurants from this section of law.

HB 1116 was introduced to require licensed restaurants that also sell merchandise as part of their business operations (e.g., operating in conjunction with a gift shop or retail store) to also have a trader's license. The amendment to HB 1116 is intended to exempt licensed restaurants from also needing a trader's license if annual sales of non-food items (such as hats, t-shirts, etc.) is 10% or less.

We support HB 1116 with this amendment. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Melvin R. Thompson" with a long horizontal flourish extending to the right.

Melvin R. Thompson
Senior Vice President