



2009 General Assembly Session

Major Industry Issues

MENU LABELING/NUTRITION DISCLOSURE:

We expect to see legislation that would require chain restaurants (15 or more locations nationwide) to disclose calorie, saturated fat, sodium and carbohydrate information directly on the menu. Facilities that use menu boards (as opposed to printed menus) would likely be required to post only calories on the menu board, while providing the additional nutrition information to customers upon request. Other state/local jurisdictions have enacted similar mandates with varying nutrient requirements. Recognizing that one size does not fit all, RAM does not support such mandates that do not allow for flexibility in how the nutrition information is displayed to customers. Our industry has long been providing customers with such information via brochures, information kiosks, posters, tray liners and product packaging. Instead of creating a patchwork of state/local menu labeling regulations, RAM prefers industry-supported legislation at the federal level that would allow greater flexibility in display options while ensuring uniformity in the nutrient information provided.

SALES AND USE TAX – GROSS UNDERPAYMENT PENALTY:

At the request of the Maryland Comptroller, legislation has been introduced that would assess a 25 percent underpayment penalty for retail businesses that underpay their sales and use tax by 25 percent or more. For example, if you are required to remit \$10,000 in sales tax and you remit only \$7,500, you will automatically owe an additional \$625. While RAM does not condone using sales tax revenue to keep a business afloat, this measure does nothing to help insure that the business survives the current economic downturn so that they can once again become a healthy sales tax generator for the state. Instead, the state should be providing greater incentives to retailers who remit sales tax revenue in a timely fashion.

TRANS FAT BAN:

By and large, trans fat bans have become less burdensome for the foodservice industry because many suppliers now offer trans fat-free frying oil and other products. However, it is still preferable that trans fat bans be phased in (frying oil first, followed by banning its use in other foodservice products at a later date). RAM will work closely with the sponsor of this legislation to ensure an appropriate phase in with a workable timeline.

UNEMPLOYMENT INSURANCE FOR PART-TIME EMPLOYEES:

This legislation would allow laid off part-time employees to qualify for unemployment benefits while they search for new part-time work. Currently, such employees are eligible for benefits only if they are seeking full-time work. During last year's Legislative Session, a survey of RAM members showed that 85 percent opposed unemployment benefits for those seeking part-time work. RAM helped to narrowly defeat this bill last year. Broadening the eligibility requirements in this manner will increase the number of people applying for benefits, accelerate the depletion

of the unemployment insurance trust fund (which could potentially increase rates for all employers), negatively affect employer experience ratings and increase the amount of time that employers spend contesting bogus benefit claims. Maryland's unemployment rate is at its highest level in over a decade. State unemployment insurance officials say that they are paying out benefits at a rate not seen in 12 years. Now is the wrong time to consider measures that could threaten the solvency of the trust fund. RAM will strongly oppose this measure again this year.

MANDATORY SHIFT BREAKS:

This legislation is a repeat attempt from last year. It requires that employers with 50 or more employees provide a 15-minute shift break to employees who work four to six hours, and a 30-minute shift break to employees who work more than six consecutive hours. If the employee is completely relieved of duty and not necessarily required to stay on the premises, the break may be unpaid. Current law mandates shift breaks only for minors. RAM strongly opposes this legislation. While smaller employers were exempted in this bill, such legislation makes compliance difficult for many larger establishments, chain restaurants and caterers. On busy nights when dining rooms are full, it would be difficult for many restaurants to ensure adequate service to customers if forced to comply with such a mandate. Moreover, many restaurant servers arrive at 4pm to work through dinner service. Providing servers with a break after four hours would put most shift breaks in the middle of dinner service, which is the busiest period of the shift.

UNREDEEMED GIFT CERTIFICATES/CARDS:

This legislation requires that unredeemed gift certificate/gift card balances be considered "abandoned property" after expiration and remitted to the State Comptroller for use in public education funding. This forfeiture of unredeemed revenue to state government is known as "escheatment." Gift certificates/cards without expiration dates are not subject to the provisions of this legislation. RAM strongly opposes this bill because many smaller restaurants use the revenue from unredeemed gift certificates/cards to underwrite the cost of running such a program. Moreover, federal and Maryland tax code requires that unredeemed gift certificate/card revenue be reported and taxed as income after two years. Because most businesses continue to accept expired certificates/cards, it is unclear if such businesses could take a future tax year credit for the value of gift certificates/cards that are redeemed after such abandoned property has been remitted to the State. *(Note: Effective July 1, 2006, all gift certificates/cards sold in Maryland may not expire sooner than four years after the date of sale).*

ALCOHOL TAX INCREASES:

RAM will again oppose efforts to increase alcohol taxes. With the poor economy, now is the wrong time to increase costs for restaurants, bars, taverns and their customers. While tax increase supporters will argue that it has been far too long since such taxes were increased, they forget that sales tax on alcohol increased by 20 percent along with all other taxable goods and services during the most recent sales tax increase in January 2008. It would be unfair to our industry to target alcohol for another increase.

For more information on these and other legislative issues, call Melvin or Kesa in the RAM office at 410-290-6800.