

Economic Impact Statement

Office of Legislative Oversight

Expedited Bill 22-21

Eating and Drinking Establishments – Itinerant Food Service Facilities – Amendments

SUMMARY

The Office of Legislative Oversight (OLO) believes that enacting Expedited Bill 22-21 would have a positive, yet marginal, impact on economic conditions in the County.

BACKGROUND

Under current County law, an “itinerant food service facility,” such as a food truck, is defined as:

“A food service facility operating for a temporary period at a fixed location, not exceeding 14 days, at a fair, carnival, public exhibition, construction project, recreational facility or similar gathering “

However, under Maryland State law, these facilities (referred to as a “temporary food service facility” in COMCOR) can operate for a temporary period at a fixed location up to 30 consecutive days. If enacted, Expedited Bill 22-21 would amend County law to conform to State law, thereby allowing itinerant food service facilities to operate up to 30 days.¹

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

Expedited Bill 22-21 would primarily affect owners of itinerant food service facilities who operate their businesses at fixed locations for more than 14 days. Rather than reapplying for a license every 14 days, the bill would decrease the reapplication need to every 30 days. Given that the current license fee ranges between \$15 and \$70, owners would save approximately \$15 to \$70 per month of operation.²

In the subsequent sections of this statement, OLO limits the analysis to the impacts of Bill 22-21 on itinerant food service facilities. While itinerant food service facilities compete with restaurants and other non-mobile facilities, OLO is doubtful that the Bill would increase market competition for the latter entities. For one, the decrease in the monthly licensure cost is unlikely to be large enough to affect entrepreneurs’ willingness to start itinerant food service facilities. OLO does not anticipate that the bill would significantly reduce the barrier to entry and thus increase the total number of itinerant service facilities operating in the County. Secondly, it is OLO’s understanding that the current time limit per license (14 days) does not prevent itinerant food service facilities from operating longer, as owners of these facilities have been able to apply for new licenses to extend their stay as needed. Thus, OLO does not anticipate that the bill would significantly

¹ Montgomery County Council, Expedited Bill 22-21, Eating and Drinking Establishments – Itinerant Food Service Facilities – Amendments, introduced on June 15, 2021. See Introduction Staff Report, https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=2713_1_14491_Bill_22-2021_Introduction_20210615.pdf.

² See the free schedule for “Food – Seasonal or Temporary License”, <https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/LandRdocs/FEESCHEDULE.pdf>.

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increase the number of days in which itinerant food service facilities are operating (and therefore competing with non-mobile facilities).

VARIABLES

The primary variable that would affect the economic impacts of Expedited Bill 22-21 are:

- total number of days food service facilities operate per fixed location; and
- total monthly licensure costs to owners of itinerant food service facilities.

IMPACTS

WORKFORCE ▪ **TAXATION POLICY** ▪ **PROPERTY VALUES** ▪ **INCOMES** ▪ **OPERATING COSTS** ▪ **PRIVATE SECTOR CAPITAL INVESTMENT** ▪ **ECONOMIC DEVELOPMENT** ▪ **COMPETITIVENESS**

Businesses, Non-Profits, Other Private Organizations

OLO believes that Expedited Bill 22-21 would have a positive, yet marginal, economic impact on itinerant food service facilities operating at fixed locations for more than 14 days. Rather than reapplying for a license every 14 days, the bill would decrease the reapplication need to every 30 days. As a result, these businesses would experience a decrease in net operating costs and increase in business income. Beyond these impacts, OLO does not believe the bill would affect private organizations in terms of the Council's other priority indicators.

Residents

OLO believes that Expedited Bill 22-21 would primarily affect residents who own itinerant food service facilities operating at fixed locations for more than 14 days. The reduction in net operating cost may result in household income gains. However, as previously discussed, OLO anticipates that any income gains would be marginal. Other than these impacts, OLO does not believe the bill would affect County residents in terms of the Council's priority indicators.

DISCUSSION ITEMS

Not applicable

WORKS CITED

Montgomery County Code. Sec. 2-81B. Economic Impact Statements.

Montgomery County Council, Expedited Bill 22-21, Eating and Drinking Establishments – Itinerant Food Service Facilities – Amendments, introduced on June 15, 2021. See Introduction Staff Report.

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CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.