



February 8, 2023

The Honorable Paul Holvey, Chair
House Committee on Business and Labor
Oregon House of Representatives
900 Court St NE, Salem, OR 97301

RE: OPPOSE - HB 2536 Imposes requirements on third-party food platforms

Dear Chair Holvey and members of the committee:

Chamber of Progress, a tech industry coalition promoting technology's progressive future, writes in opposition to HB 2536, which establishes a permanent delivery cap on restaurant fees paid to third party delivery services..

Chamber of Progress supports public policies at the federal and state level that seek to build a fairer, more inclusive country in which all Americans benefit from technological leaps.

By creating a permanent delivery fee cap, HB 2536 will have adverse effects on consumers, drivers, and small minority restaurants.

App-based delivery provides a safe and convenient alternative for families to get their meals – and provides consumers with security and peace of mind by conducting thorough driver background checks, secure credit card processing, and exceptional customer service. App services also provided logistical assistance for a network of drivers, and provided smaller, independent, and minority owned restaurants the opportunity to connect with customers and generate additional business..

In Spring 2020, when COVID-19 forced rapid changes to restaurant and delivery app business models, a number of cities implemented temporary commission fee caps in an attempt to ease some of the pressure on restaurants losing out on

revenue from in-person dining. Since then, the vast majority of those cities have allowed the caps to lapse as restaurants reopened and adapted to the new normal.

Unfortunately, those cities give us a firsthand look at how fee caps hurt families, drivers, and restaurants. While restaurants might have been paying lower fees, delivery services still had to pay drivers, conduct background checks, and handle customer inquiries. Families ordering local delivery ended up covering restaurants' tabs through higher prices or recovery fees.

If Oregon sets a statewide restaurant fee cap of 15%, families would take on even higher expenses. Data shows that families will begin to place smaller or less frequent orders, driving down demand, leading to an even greater loss in wages for resident-delivery drivers, and raising prices for customers to compensate across the board. A recent paper by Yale Ph.D. candidate Michael Sullivan found that a 15% commission cap resulted in a net increase in prices for consumers.¹

While delivery fee caps were an understandable response to help restaurants in the early days of the pandemic, imposing a statewide, permanent cap today misses the mark.

Policymakers should support carry-out, curbside pickup, and delivery on-demand as the new norms. We encourage you to leave the delivery fee cap behind and explore opportunities for collaboration among third-party delivery providers, restaurants, and community members for innovative solutions that will propel communities forward.

Respectfully,



Tepring Piquado, PhD

Senior Director of Government Relations, Western US
Chamber of Progress

¹ https://m-r-sullivan.github.io/assets/papers/food_delivery_cap.pdf