**Please submit this letter on your organization’s letterhead via the Advocates Portal:** <https://calegislation.lc.ca.gov/Advocates/>

August 9, 2021

The Honorable Thomas J. Umberg

Chair, Senate Judiciary

State Capitol, Room 2187

Sacramento, CA 95814

The Honorable Richard D. Roth

Chair, Senate Business, Professions & Economic Development

State Capitol, Room 2053

Sacramento, CA 95814

**RE: AB 286 (Gonzalez): Third-Party Food Delivery Transparency - SUPPORT**

Dear Chairs Umberg & Roth:

On behalf of **[your organization]**, I am writing in support of Assembly Bill 286, which would protect small community and family-run restaurants from unfair business practices by providing owners and customers with transparency of the full cost of service provided by third-party delivery companies.

**[Organization’s info and specific interest.]**

California restaurants serve as anchors of the communities they are located in, bringing in over $7 billion in sales tax revenues to local communities and employ over 1.6 million Californians. In recent years, food delivery companies like GrubHub, DoorDash, and UberEats have aggressively entered the food service space. Some restauranteurs buy into the idea that these companies will grow their customer base and increase their total revenues, and are offered limited-time discounts or rate cuts by the delivery service for joining.

However, in many cases, food delivery platforms lack transparency with respect to the prices being charged to consumers. Food delivery platforms often charge customers service and delivery fees. For the top five food delivery platforms, these markups total to increases ranging from 17% to 40.5% of list price for the same items at the restaurant. Though these costs are imposed by the platform, consumers may assume the costs are the result of agreements between the restaurant and the platform, or are the typical prices for the restaurant itself, skewing the perceived value of the restaurant's product. Restaurants contracting with food delivery platforms are not always aware of the specific fees and mark-ups charged to customers, making it difficult for a restaurant to choose to do business with platforms that offer the best value proposition for themselves and their customers.

Similarly, consumers are often unaware of the relationships between food delivery platforms and restaurants, obscuring how much of their money is actually supporting the local restaurant, and how much is going to the platform. For consumers who hope to “vote with their wallet” by supporting platforms providing fairer contractual terms to restaurants, this lack of transparency makes it difficult to make an informed choice.

AB 286 will require third-party delivery companies to provide clear disclosure of the cost breakdown, including specific fees, commissions, and costs charged to the food facility and to the customer. Furthermore, this bill will prohibit a food delivery platform from charging a customer a purchase price that exceeds the price set by the food facility, and from retaining any portion of amounts designated as a tip or gratuity.

**For these reasons, [Your organization] urges support of AB 286.**

Sincerely,

**Name**

**Title**

**Organization**

CC: Assemblywoman Lorena Gonzalez