



March 09, 2023

The Honorable Michael Nelson, Chair
House Labor and Industry Committee
585 State Office Building
St. Paul, MN 55155

The Honorable Joe McDonald, Republican Lead
House Labor and Industry Committee
241 State Office Building
St. Paul, MN 55155

Dear Chair Nelson, Republican Lead McDonald and Members of the Committee:

We appreciate the opportunity to weigh in on HF2369 and address the challenges this legislation poses for Minnesota's hospitality industry. Hospitality Minnesota is the trade organization for Minnesota's restaurants and foodservice, hotels and lodging, and resorts and campground sectors. We are concerned about the impact this bill will have on the hospitality industry ecosystem through food delivery, the unintended consequences for in-house delivery services, and the impact on transportation for employees and patrons.

Food Delivery: The pandemic excelled the growth of food delivery. Today, many of our restaurants and foodservice businesses rely on food delivery as a revenue driver of their business. Majority of our restaurants and foodservice businesses utilize third-party delivery services to deliver their product. Should this bill pass, delivery fees will see a significant increase, estimated at \$9 - \$14 a delivery, which will very likely deter customers – especially as we are in a time of fragile recovery and economic uncertainty.

In-House Food Delivery: As drafted, the bill language is not clear on how this will impact a restaurant or foodservice business that has their own in-house delivery drivers (for example, a local pizza business or sandwich delivery company). Today, food orders for delivery typically are conducted through the defined "digital network", meaning individuals place their order through an online-enabled application, software or website. The definition of "transportation network company" lacks clarity if a restaurant or foodservice business connecting a digital order to their own employee driver for transportation purposes is included or excluded. However, the language explicitly excludes taxicabs, limousines, for-hire vehicles, or private passenger vehicle driven by a volunteer driver.

Impact on Transportation: Many patrons and guests alike rely on rideshare services as the source of transportation to and from our businesses, like hotels and restaurants. As drafted, the bill will significantly increase the cost of rideshare services, which will have a negative impact on reliable and safe transportation systems for our patrons and guests. We encourage the committee to think through the entire ecosystem that this legislation will impact.

We respectfully ask that you oppose this legislation as drafted. We are happy to be a resource and please don't hesitate to call on us if we can provide any additional information.

Sincerely,

Liz Rammer, President & CEO – Hospitality Minnesota