



April 7, 2021

The Honorable Zach Stephenson, Chair
House Commerce Committee
509 State Office Building
Saint Paul, MN 55155

Dear Representative Stephenson:

We write to thank you for including the temporary cap on third-party delivery fees in the Omnibus Commerce bill (DE). This provision represents one tool that the State can implement (as other jurisdictions have) to aid restaurants that are struggling financially during the pandemic.

As the committee heard in testimony from Hospitality Minnesota and individual restaurant operators, extremely high third-party delivery charges of 30% or more are creating a hardship during the pandemic when delivery and to-go has increased so dramatically. Examples from restaurant testimony include:

“Having these charges being in excess of 30% really cuts into our bottom line significantly ... We feel that our hands are really tied at this point with regard to these third-party platforms.”

“We were about 2-5% delivery sales prior to COVID and we’re 15-30% now and we need these sales to contribute and with the delivery fees it simply doesn’t do that.”

“When I pay 30% or more to some of these meal delivery services it means I’m taking a loss on that order. I don’t mind paying a vendor a fair price for their services, but in this case they are charging too much.”

The economic impact of the pandemic has been uneven. One national publication analyzed the industry during the pandemic and found that while restaurant revenue was down 35%, delivery services rose 140% over the same period. No industry has been hit harder than the hospitality industry, which lost a projected \$10 billion in sales in Minnesota in 2020 and remains down 100,000 jobs.

A temporary cap on delivery fees will not harm the third-party platforms as evidenced by their continued operation in jurisdictions that have imposed caps. While delivery app representatives indicated to the committee that a fee cap would reduce the number of orders at restaurants, *this has not been the case* for the restaurant operators in Minneapolis, St. Paul or Edina that we’ve heard from.

For an industry that operates on razor-thin margins (2-5%) even in normal times, having to sustain 30% fees or higher is a hardship and is harming restaurants’ ability to survive. Capping these fees as provided for in the House Omnibus Commerce bill is one commonsense tool that can provide the help these businesses need now.

Sincerely,

Liz Rammer
President & CEO

cc: Members of the House Commerce and Ways and Means committees