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**Testimony of Montana Williams
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Chamber of Progress**

**New York City Council
Committee on Small Business**

Int. No. 2359, “Prohibiting third-party delivery services from arranging unauthorized deliveries from and posting unauthorized listings of food service establishments”

Good morning Chair Mark Gjonaj, members of the Council,

My name is Montana Williams and I am the Director of State and Local Public Policy for the Chamber of Progress, a new center-left tech industry coalition promoting technology’s progressive future.

Our organization works to ensure that all Americans benefit from technological leaps, and that the tech industry operates responsibly and fairly. Our organization’s commitment to a progressive society, economy, and workforce sets us apart from other business groups. For example, we strongly support federal legislation to promote voting rights; support President Biden’s proposed corporate tax increase to fund infrastructure investments; back a national emissions reduction target of 50% by 2030; and support significant government investments in broadband infrastructure.

Our corporate partners include companies like DoorDash, Grubhub, and UberEats, but our partners do not have a vote on or veto over our positions. We do not speak for individual partner companies and remain true to our stated principles even when our partners disagree.

During the pandemic, Governor Andrew Cuomo designated food delivery as an essential service. Companies like Grubhub, DoorDash, and Uber Eats provided a safe and convenient alternative for families to get their meals. These companies also provided consumers with security and peace of mind by conducting thorough background checks, secure credit card processing, and exceptional customer service, and provided logistical assistance for a network of drivers.

These companies now offer a range of services to restaurants at different fee levels. Restaurants (through fees on each order) and customers (through delivery fees) help fund them. These companies provided marketing for not only the usual big brands, but also provided exposure to the smaller, mom and pop restaurants.

In a well-intentioned effort last year to protect restaurants, the New York City Council imposed a temporary 15% cap on the fees paid by restaurants to delivery services, and a 5% cap on any other fee third-party delivery services may charge. The caps may have offered some relief to restaurants in challenging times, but it also made it more expensive for New Yorkers who were trying to support local restaurants safely through delivery.

That's because 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, creating a domino effect. Families began to place smaller or less frequent orders. DoorDash recently reported that restaurant sales volume decreased 4% year over year in St. Louis and 7% in Philadelphia—two cities where prices went up due to city-imposed restaurant fee caps.

This translated into lost wages for delivery drivers and lost sales tax revenue. If this cap stays in place, delivery service DoorDash estimates a New York tax revenue loss of \$5 million annually.

Delivery services were a crucial lifeline for restaurants during the pandemic, particularly minority- and immigrant-owned restaurants. When Midtown and Downtown restaurants saw their weekday office worker foot traffic decline, delivery services were a crucial connection into neighborhoods. In fact, eight in 10 restaurant managers said delivery services kept them from cutting hours or laying off staff.

Though times are still tough, local restaurants are now on the path to recovery. New York restaurants have been functioning at full capacity since May 19 and the Small Business Administration is administering \$29 billion in grants to restaurants through the Restaurant Revitalization Fund. Thanks to these initiatives, local restaurant owners will soon be on the path to recovery.

New York and other cities imposed fee caps as temporary measures in response to the pandemic. While New York's delivery service fee caps well-intentioned, their adverse consequences for families, restaurants, and drivers are now clear. As we emerge from the pandemic, we encourage the City Council to leave the delivery fee cap behind. Thank you.