



April 9, 2024

The Honorable Thomas Umberg  
Chair  
Senate Committee on Judiciary  
1021 O Street, Room 3240  
Sacramento, CA 95814

**RE: Oppose Fee Sharing Requirements in SB 1490**

Dear Chair Umberg and members of the Committee:

On behalf of Chamber of Progress, a tech industry coalition promoting technology's progressive future, I write to oppose SB 1490. While we appreciate the intent to increase transparency and protections for consumers, certain provisions would upset competition among food delivery services and large restaurants by making confidential business information public.

Specifically, the bill would require food delivery apps to disclose to customers "each fee, commission, or surcharge, and cost charged" to the restaurants they order from.<sup>1</sup> Large restaurant chains often negotiate with individual delivery platforms for exclusive partnerships, preferential placement in searches, marketing services, or better commission fees.<sup>2</sup> These negotiations are confidential and take place in a competitive market—both for food delivery services and restaurants.

**If these fees were disclosed to customers, large restaurant chains stand to gain an anti-competitive advantage in their negotiations by getting access to the private contractual information of their competitors.**

The fee-sharing requirement would only help cement the dominant position of large restaurant chains, and would do nothing to help consumers or small,

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<sup>1</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202320240SB1490](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB1490)

<sup>2</sup>

<https://www.fastcompany.com/90925578/heres-how-uber-eats-doordash-and-grubhub-rank-in-the-food-delivery-wars>

independent restaurants. As the California Black Chamber of Commerce noted in their opposition to the bill, it risks “weaken[ing] relationships between third-party platforms and small businesses”.<sup>3</sup>

The Black Chamber of Commerce also cautioned against “legitimizing a group that does not truly advocate for our brick-and-mortar businesses”.<sup>4</sup> The Digital Restaurant Association, a lobbying group with close ties to notorious Uber founder Travis Kalanick<sup>5</sup> and whose membership is dominated by large chain restaurants<sup>6</sup>, has been attempting to push legislation that would give their members access to sensitive market information.<sup>7</sup> We fear that California has become their next target.

We urge you not to move forward with legislation that would help cement the status of chain restaurants and billionaire founders. While the attempts to increase transparency for consumers is admirable, this bill would end up undermining competition in the restaurant and food delivery industries, ultimately harming consumers, small businesses, and California’s innovation-driven economy.

Sincerely,



Robert Singleton  
Director of Policy and Public Affairs, California and US West

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<sup>3</sup> <https://sacobserver.com/2024/04/black-businesses-dra-data-privacy/>

<sup>4</sup> <https://sacobserver.com/2024/04/black-businesses-dra-data-privacy/>

<sup>5</sup> <https://www.ft.com/content/064ca2e9-67b6-4eaf-849d-302250d09331>

<sup>6</sup> <https://delawarevalleyjournal.com/millard-former-uber-ceo-campaign-wants-your-data/>

<sup>7</sup>

<https://floridapolitics.com/archives/631690-miami-dade-sets-table-for-food-delivery-app-regulations-amid-privacy-concerns/>