



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# Caps on Delivery Service Fees [Draft Legislation]

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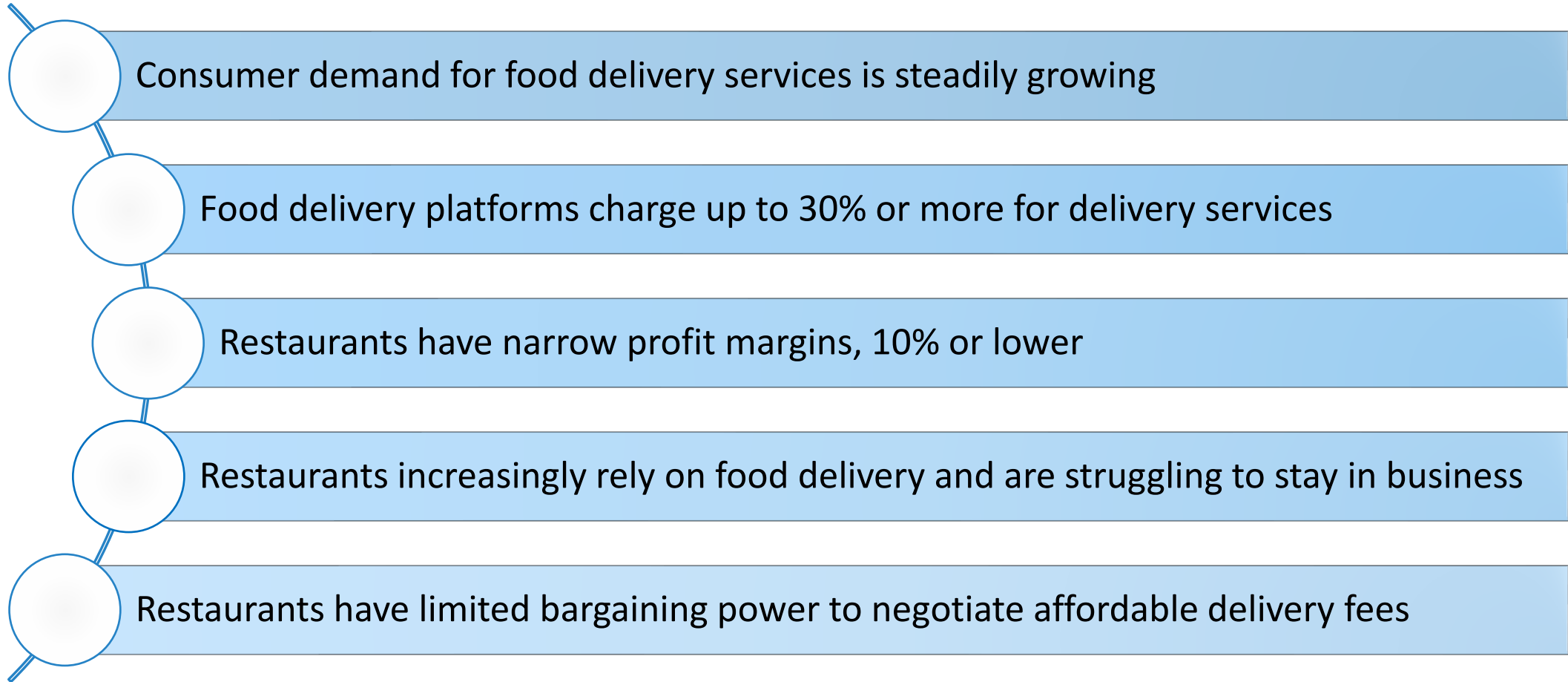
# Policy objective

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- Amend SMC 7.30 – Food Delivery Platforms
- Require food delivery platforms to engage in agreed-upon, reasonable, and transparent business transactions when operating in Seattle to protect the interests of consumers and restaurants

# Background

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# Timeline of emergency orders

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## April 24, 2020

- Mayor issued civil emergency order
- 15% cap on fees for platform services

## June 21, 2021

- Governor rescinded proclamation

## November 25, 2020

- Governor issued proclamation
- 15% cap on delivery fees
- 18% cap on all platform fees

## Present

- Mayor's civil emergency order will expire upon termination of civil emergency

# Trends and recent developments

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1. Food delivery platform services have grown eight percent year over year from 2018 through May 2022 and similar growth is expected through 2026
2. Food delivery platform services are becoming a standard business operation for restaurants: 77 percent of restaurants offer services through food delivery platforms & food delivery platforms account for 21 to 30 percent of current restaurant sales
3. Four cities have enacted laws that permanently cap delivery service fees: Minneapolis, New York City, Philadelphia, San Francisco

# Permanent cap on delivery service fees

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1. Agreement required for fees related to delivery services
2. Delivery services for no more than 15% of the purchase price of each order
3. Option for restaurant to “opt out” of fee limitations for additional services

# Option for restaurant to “opt out”

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Restaurants can “opt out” of fee limitations if the food delivery platform:

1. Offers a service package option that includes delivery services for no more than 15% of the purchase price of each order
2. Provides this option, without penalty, within 30 days of the restaurant’s written request
3. Charges higher fees only for services in addition to delivery services (e.g., advertising, business consulting)

# Delivery services

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**“Delivery services” would include the following services from a food delivery platform:**

1. Listing the restaurant and making the restaurant discoverable on all modalities or platforms offered by the food delivery platform; and
2. Facilitating and/or performing delivery of food and/or beverage orders

**Delivery services would not include other services** provided by food delivery platforms to restaurants, including but not limited to advertising services, search engine optimization, business consulting, or credit card processing



# Enforcement

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1. Consumer Protection Division, Finance and Administrative Services
2. Civil infraction, Class One (max penalty \$250)
3. Civil action (individual or class)
4. Penalty revenue account to support outreach and education to restaurants

# Effective date

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The legislation would take effect on the **later date** of:

1. Mayor's termination of the civil emergency proclaimed on March 3, 2020; **or**
2. 30 days after Mayor approves the legislation  
(or when the legislation takes effect under SMC 1.04.020)

# Next Steps

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1. **07/26/22** – Introduction of legislation
2. **07/27/22** – Committee discussion and possible vote
3. **08/02/22** – Council vote

# Questions?