



April 16, 2021

Assembly Member Ed Chau,
 Chair, Assembly Privacy and Consumer Protection Committee
 State Capitol
 Sacramento, CA 95814

Assembly Member Kevin Kiley,
 Vice Chair, Assembly Privacy and Consumer Protection Committee
 State Capitol
 Sacramento, CA 95814

RE: NO on AB 286 (Gonzalez)

Dear Assembly Members Chau and Kiley:

Our coalition of community organizations, minority-owned businesses, small businesses, taxpayer advocates restaurants, merchants and app-based drivers strongly oppose Assembly Bill 286. While AB 286 purports to help restaurants and merchants, the bill will result in increased costs to consumers, reduced business and revenues for restaurants, and fewer income-earning opportunities for drivers.

AB 286 is a hidden tax on consumers and small businesses and would hurt the very restaurants it is intended to protect.

App-based delivery platforms connect restaurants, customers, and drivers. Fees are carefully balanced to reflect the mutual benefits to each party: fees on restaurants help pay for marketing, payment and insurance for drivers, customer service, and other services that help restaurants gain customers and grow business. Fees on customers reflect the convenience and value of the delivery service while also ensuring fair payment to drivers.

AB 286 would arbitrarily and permanently cap fees paid by restaurants and will force prices to rise on consumers in order to ensure adequate revenues to provide app-based delivery services. For instance, a 15% cap on a typical \$20 food order is \$3. That \$3 is insufficient to pay for the driver, insurance, marketing, credit card processing fees, customer support, technology, and costs of operating the platform.

Because of this, in communities that have passed these arbitrary fee caps, consumer prices have increased to compensate and ensure that app-based delivery remains viable. In cities that have implemented these arbitrary fee caps, consumer costs have immediately gone up by \$2-3 per order.

Higher prices are proven to reduce demand by as much as 30%, taking away customers and business from restaurants that are struggling to stay afloat during these challenging times. AB 286 will be particularly harmful to small independent restaurants trying to compete with larger chains that have their own marketing and even delivery services. Furthermore, while AB 286 purports to help restaurants struggling with the pandemic, it is permanent in nature and won't even go into effect until 2022.

And the higher prices also harm drivers working with app-based platforms, as reduced demand for services means fewer work opportunities for drivers, less income for drivers and reduced sales tax revenues for municipalities.

Finally, AB 286 is unnecessary. California recently passed legislation (AB 2149) that requires app-based platforms to enter into a contract with every restaurant and merchant they list on their app. As a result, every restaurant or merchant that utilizes app-based delivery services has voluntarily entered into an agreement with full transparency into the terms, fees, and benefits of partnering with these platforms.

We strongly urge you to vote No on AB 286. It hurts restaurants, customers, and app-based drivers.

Sincerely,

Lily Rocha, President
Latino Restaurant Association

Julian Canete, President & CEO
California Hispanic Chambers of Commerce

Pat Fong Kushida, President & CEO
CalAsian Chamber of Commerce

Rev. KW Tulloss, President
Baptist Ministers' Conference of Los Angeles and Southern California

Matt Regan, Senior Vice President
Bay Area Council

Cindy Roth, President & CEO
Greater Riverside Chambers of Commerce

Reuben Franco, President & CEO
Orange County Hispanic Chamber of Commerce

Elise Swanson, Chair
South Bay Association of Chambers of Commerce

Jessica Lall, President & CEO
Central City Association – Los Angeles

Yaël Ossowski, Deputy Director
Consumer Choice Center

Heidi L. Gallegos, President & CEO
Brea Chamber of Commerce

Leah Vukmir, VP of State Affairs
National Taxpayers Union

Moises Merino, President
Latino Leadership & Policy Forum

Ruben Guerra, President and Chair
Latin Business Association

Rev. Jonathan E. Moseley, Western
Regional Director
National Action Network – Los Angeles

David Cruz, President
League of United Latin American Citizens Council 3288

Jay King, President & CEO
California Black Chamber of Commerce

Faith Bautista, CEO
National Diversity Coalition

Stuart Waldman, President
Valley Industry & Commerce Association (VICA)

Marc Ang, Founder/President
Asian Industry B2B

Peter Leroe-Muñoz, General Counsel,
SVP, Tech & Innovation
Silicon Valley Leadership Group

Thomas Hudson, President
California Taxpayers Protection Committee

Adam Ruiz, Chair
Southwest California Legislative Council

Faith Bautista, President & CEO
National Asian American Coalition

Brandon M. Black, Director of Public Policy
Sacramento Metropolitan Chamber of Commerce

Thomas Hudson, President
Placer County Taxpayers Association

Dominik Knoll, CEO
Redondo Beach Chamber of Commerce

Cindy Spindle, CEO
Garden Grove Chamber of Commerce

Cc: Assembly Member Lorena Gonzalez
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Democratic Caucus staffer
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