



June 16, 2021

The Honorable Alex Lee
Member of the California State Assembly
California State Capitol
Sacramento, CA 95814

Re: Support for AB 1444 (Lee): Food Delivery Platforms Standards

Dear Chair Skinner and Vice Chair Nielson:

As a representative of the 30 million small businesses in America and the 4.1 million in California, Small Business Majority writes today in support of AB 1444, which would support small restaurants by ensuring that food delivery platforms and online directories provide accurate business information, prohibit third-party platforms from charging restaurants for calls that do not result in orders and require the disclosure of any possible fees charged to a restaurant when placing an order.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,000 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth. A key component of our work involves outreach to small business owners on a range of small business issues, including access to capital, workforce issues, healthcare and more.

We offer our support for this legislation because the current third-party ordering ecosystem is alarming. While California is leading in the number of restaurant closures in the nation, market revenue for food delivery in the United States has increased 205% over the past five years, totaling to \$26.5 billion in profits.

During the COVID-19 pandemic, whether a restaurant's doors stay open depends on their profit margin, which on average falls between 3-5%. With delivery app fees taking up to a 30% commission, the costs of working with third-party ordering systems has historically outweighed the benefits. Yet in this pandemic economy, partnering with third-party ordering systems has been the only way some businesses have been able to operate due to local and state restrictions.

AB 1444 requires that listing services provide clear and accurate information about contacting a food facility so that customers know how to connect with the business directly and small businesses are able to interact with their customers without a tech company rerouting the call.

This bill will also ensure that restaurant owners are only charged for calls that result in orders, and not oversight errors. It is imperative upon the legislature to ensure small businesses that are still struggling to recover from the pandemic are not taken advantage of by big tech monopolies and are equipped with the proper tools to thrive in our new economic reality. For these reasons, Small Business Majority supports AB 1444.

Sincerely,

A handwritten signature in black ink, appearing to read "Bianca Blomquist".

Bianca Blomquist
Senior Policy and Engagement Manager, California