




## MEMORANDUM

**DATE:** January 19, 2021  
**TO:** Ways and Means Committee  
**FROM:** Colin Tarbert, President and CEO   
**POSITION:** Support  
**SUBJECT:** City Council Bill No. 21-0007  
COVID-19 Restaurant, Consumer, and Gig Worker Relief Act  
(Temporary Limit on Third-Party Delivery Services Fees)

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### **INTRODUCTION**

The Baltimore Development Corporation (BDC) is reporting on City Council Bill No. 21-0007 – Temporary Limit on Third-Party Delivery Services App introduced by Councilmember Costello and President Mosby.

### **PURPOSE**

For the purpose of establishing certain temporary regulations on third-party food delivery platforms; defining certain terms; authorizing the Director for Finance to adopt rules and regulations to implement and enforce this subtitle; setting forth certain prohibited conduct for third-party food delivery platforms; providing for enforcement by citation; providing for certain criminal and administrative penalties; providing for this Ordinance’s severability; setting forth a certain termination date; providing for a special effective date; and generally relating to the regulation of third-party food delivery platforms and the economic well-being of Baltimore restaurants, consumers, and gig workers during the COVID-19 pandemic.

### **BRIEF HISTORY**

On March 19, 2020, Mayor Bernard “Jack” C. Young declared a local state of emergency for Baltimore City due to the spread of COVID-19, which is still in place. On December 9, 2020 current Mayor Brandon M. Scott issued an Executive Order prohibiting indoor and outdoor dining in order to continue to protect the public health. Consequently, this left food service establishments reliant on takeout and delivery to stay open. Many consumers use third-party applications and websites to place orders with food service establishments, and these third-party platforms charge fees in excess of 30% of the purchase price per order. Food service establishments with few locations have limited bargaining power to negotiate lower fees. These fees present a substantial hardship by diluting revenue during a time of substantial revenue loss for many local businesses.

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This legislation is consistent with other bills in Chicago, San Francisco, Seattle, and Massachusetts which have all passed 15% fee caps on third-party delivery companies. In December of 2020, neighboring Anne Arundel County Council introduced emergency legislation to also limit the fees to 15%.

BDC has heard from food businesses that fees to third-party platforms has severely impeded their ability to remain operational and cover operating costs. We are aware of and support local entrepreneurs working to address this issue by creating Baltimore-based applications that either charge no fees, because they are independently funded or charge significantly less than current competitors, but these efforts are still at the early stages of development.

**FISCAL IMPACT**

None

**AGENCY POSITION**

The BDC supports City Council Bill No. 21-0007.

If you have any questions, please do not hesitate to contact Kim Clark at 410-837-9305 or [kclark@baltimoredevelopment.com](mailto:kclark@baltimoredevelopment.com).

cc: Nicholas Blendy

[SG]