New York State Restaurant Association applauds local governments for implementing price gouging protections, but warns of big tech loophole that hurts local restaurants

Convoluted fee structure meant to confuse public and drive profits for big tech companies

ALBANY, NY — A new set of delivery fee caps being considered by local governments across New York will not benefit struggling restaurants, despite best intentions. The models put forward at local levels around the state, which call for a maximum total cap of 15% for third-party delivery fees, will ultimately deepen the pockets of big tech third-party delivery services and not help local restaurants.

The New York State Restaurant Association (NYSRA) supports local fee caps implemented in New York City, Westchester County and Albany County that rein in both delivery and ugly “additional fees” assessed during a pandemic.

But despite the wishes of the restaurant industry, delivery companies are lobbying for a proposal that omits the cap on unfettered additional fees for restaurants while assessing additional fees on consumers. This effectively allows for fees to remain extraordinarily high, adding additional charges to restaurant operators. With no protections on additional fees, this leaves a huge loophole in food delivery price protections designed only to deepen the pockets of big tech delivery services at the expense of struggling local restaurants.

As stated, this is a divergence from some beneficial local laws where fees are capped at 15% for delivery and 5% for all other fees. Restaurants in these regions still face an uphill battle, but are not further burdened by additional fees on their only lifeline of service. The issue is even more complicated because the average consumer does not realize that restaurants also pay the third-party platforms. So, on most orders, these companies are making money from the customer *and* the restaurant.

“Third-party delivery services have profited from the public health crisis at the expense of local restaurants who have struggled to keep their doors open. Now, they are looking to increase revenue by having the ability to further charge restaurant operators on, for some, their only viable revenue stream. The model put in place in New York City, Westchester County and Albany County protects restaurant operators from rising fees and maintains stability during these difficult times. The new set of delivery fee caps being considered by local governments must better mirror this model. If not, it’s corporate greed masquerading as aid for restaurants,” said Melissa Fleischut, president & CEO of the New York State Restaurant Association.

The New York State Restaurant Association has received very positive feedback from members in New York City, Westchester County and Albany County after those regions adopted fee caps that are beneficial to the industry.

“The complicated fee structure utilized by third-party delivery service providers is misleading, and nuanced details are often misunderstood. Restaurants with limited or no indoor dining are stuck between a rock and a hard place. They need the online platforms to drive revenue, but these platforms are taking advantage of them during this crisis. If local governments want to help, we ask that they rein in these fees during this emergency, and do it the right way,” added Fleischut.

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