

House Commerce and Finance Policy Committee Testimony
Minnesota HF 299 - Commission Caps on Third Party Delivery Platforms
DoorDash - Alexi Madon, Government Relations

Good afternoon Mr. Chairman and members of the committee. My name is Alexi Madon, and I am on the government relations team at DoorDash, a third party platform that provides services for restaurants. Thank you for having me here today.

I'd like to briefly introduce you all to DoorDash and the different products and services we offer restaurants. Ultimately, our goal is to give restaurants choices. Some restaurants offer delivery with their own staff, while others only offer takeout. And restaurants that prefer to work with DoorDash can choose the plan that works for them.

Many of you are familiar with the DoorDash Marketplace, our traditional service where you can download our app and in a matter of minutes place an order for pickup or delivery from your favorite local restaurant. Many of our restaurants also opt to use our DoorDash Drive product, which allows them to deliver orders received directly by the restaurant in exchange for a flat fee.

And through our Main Street Strong initiative, DoorDash now helps restaurants create their own online stores to offer takeout or delivery for a flat fee and no commission, and those restaurants with fewer than 5 locations will pay no fees at all for this service through the end of March. These products and services are available today to restaurants throughout Minnesota.

As we all know, COVID-19 has been extremely taxing on restaurants and we know that we have a special responsibility to them, our customers and delivery drivers. Last Spring, DoorDash cut commissions by 50%, eliminated commissions for all takeout orders, and provided 30-days of zero commissions for restaurants new to DoorDash. Many of our restaurant partners in Minnesota were eligible for this relief. And we are proud to say that the odds of staying open during COVID-19 are 6x better for merchants who operate on DoorDash.

Last fall, DoorDash rolled out a winterize grant program in six cities that brought \$2 million in grants to restaurants to help prepare them for the winter. We are extremely happy to announce that as of this morning, we have dedicated another \$8 million in aid in 20 new cities across the country including here in Minnesota. Both St. Paul and Rochester will receive \$150,000 each to give \$5000 individual grants to restaurants to help them through this challenging time. It is DoorDash's continued intent to help restaurants as without them we are nothing.

House File 299 would directly impact our Marketplace service by overriding the contracted rates agreed to by our restaurant partners for our services. When restaurants sign up for the DoorDash Marketplace they agree to pay a percentage of the order total of each delivery (what's known as a commission rate) Commissions are necessary in order to pay for the many pieces of the delivery economy. Restaurants have the option to provide this service on their own, but many forego the overhead costs to do so in order to pay on a per transaction basis through our service.

These costs help cover:

- Driver pay
- Driver insurance
- Background checks

- Credit card fees
- Restaurant advertising and marketing
- Customer service representatives for customers, delivery drivers, and restaurants

DoorDash works to gain feedback from restaurants regularly, even setting up a Restaurant Advisory Council that runs every six months in an effort to gain feedback from our merchant partners. This Council has yielded several great ideas that we have taken back to the business side and implemented. We understand from restaurants that they know delivery comes at a cost, but that they might like some flexibility in how they pay, hence the introduction of products like Drive and Storefront.

While we understand that restaurants need help during this arduous time, we would encourage the state to look at opportunities to help through rent abatement for commercial properties or waiving business or liquor license fees for the 2021 year.

As for House File 299, this bill goes well beyond providing temporary relief for restaurants during the pandemic and instead institutes a **permanent** price control. If passed, this bill would be the first in the nation to try and permanently regulate what third party delivery services charge and would lock in artificially low rates that do not allow the third party food delivery platforms to cover the costs of delivery. This approach would mandate third party delivery platforms to offset a restaurant's cost of doing business, arbitrarily picking winners and losers in the market.

Additionally, the enforcement provision allows for both a private right of action and enforcement by the Attorney General. Allowing individuals to bring lawsuits against these companies even in instances where an honest mistake has occurred would make for an extremely litigious environment in Minnesota.

Thank you for the opportunity to speak with you today. I look forward to answering your questions.