



**TECHNET**  
THE VOICE OF THE  
INNOVATION ECONOMY

December 17, 2020

The Honorable Peter Courtney  
The Honorable Tina Kotek  
Joint Interim Committee on The Third Special Session of 2020  
900 Court Street  
Salem, OR 97301

**Re: TechNet concerns with LC 10**

Dear President Courtney, Speaker Kotek and members of the Committee:

*TechNet is the national, bipartisan network of technology companies that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50 state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents more than three million employees in the fields of information technology, e-commerce, clean energy, gig and sharing economy, venture capital, and finance. TechNet is committed to advancing the public policies and private sector initiatives that make the U.S. the most innovative country in the world.*

TechNet appreciates the opportunity to submit comments in response to LC 10, which addresses sealed cocktails-to-go and places a restaurant commission caps on third party delivery services. While we strongly support the cocktails to go provision in the bill, TechNet is strongly opposed to the implementation of a 10% cap on commission.

During the pandemic, third party delivery platforms have become crucial to restaurants and local businesses remaining open and generating much-needed revenue. They provide safe earning opportunities for workers, and support the delivery of groceries, prepared food and medical supplies for homebound and vulnerable residents in the community. In addition, these platforms have provided flexible work opportunities for Oregonians, many who have found themselves unemployed or underemployed because of the pandemic. These are valuable and ongoing partnerships that have enabled restaurants to reach new customers and compete in an e-commerce world.

A cap of 10% would be the most restrictive statewide cap in the country. To-date, only the cities of Portland and Philadelphia have set a cap at 10%. As a result, we have seen a 10-25% reduction in delivery orders. This means a loss of revenue for restaurants and lost income opportunities for drivers. As you know, what works in Portland does not necessarily work Statewide for Oregon's diverse communities.

Since COVID-19 began impacting our communities, third party delivery companies have provided tens of millions of dollars in direct restaurant support and have spent millions more providing free meals to healthcare workers, seniors, school children, and other vulnerable groups. It is also worth noting that all of the delivery network companies in our membership have frozen or reduced commission rates in response to the pandemic, in some cases by as much as 50%.

Restaurant commissions cover a broad range of services made available to restaurants through our members' platforms. They are not one-size-fits-all but rather are tailored to each restaurant's needs. These restaurants are able to collaborate on marketing collateral, determine the appropriate neighborhoods to open new locations, and even see how pricing affects consumer demand. Commission and fees go a long way toward supporting delivery platforms' operational costs, ensuring workers are paid fairly, and allowing them to provide the reliable and safe service that residents expect and rely upon, especially in times of need like today. The operational costs covered by commissions and fees include:

- Onboarding new delivery people, including background checks;
- Ensuring that delivery workers are paid fairly;
- Maintaining safety, including insurance costs and providing personal protective equipment to protect delivery people;
- Marketing services to diners, including advertising and promotions to drive demand to local restaurants;
- Technology services including payment processing, order management, application maintenance, and dispatching technology; and
- Teams of dedicated customer service specialists to provide support to restaurants, customers, and workers for orders placed through our platforms.

Unfortunately, this legislation creates clear winners and losers. Our member companies want to continue to be good partners with the restaurant industry and work to find creative survival tools throughout this pandemic. However, we know a 10% cap will not have the intended desired result and rather will put delivery services across Oregon at real risk. While we caution against a statewide cap on restaurant commissions at any level, an increase of even 15% in the cap would align Oregon with where Washington State has been since April, as well as over 60 jurisdictions nationwide, and would go a long way to avoid these unintended consequences, which will be more dramatically felt in suburban and rural areas where there is already less volume of orders.

Additionally, because this legislation was introduced in response to restaurant closures, we support amendment language that would lift the cap as restaurants are allowed to reopen in-door dining capacity to 50%. Extending this legislation beyond the emergency order unfairly penalizes an industry that has worked to spur local economies by making brick and mortar retailers accessible at a time of unprecedented hardship.

TechNet and our member companies are committed to using technology and innovation to spur local economies by making brick and mortar retailers accessible at the touch of a button. Unfortunately, as written, this legislation will negatively impact delivery platforms' ability to drive business to local restaurants at a time when these restaurants need help the most.

We hope to work with you to address any concerns surrounding third party delivery platforms, as they want to continue to work collaboratively with businesses and restaurants in Oregon, and offer their services to the residents who benefit from them.

We thank you in advance for your consideration. Please do not hesitate to reach out with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Sams Kersul", written in a cursive style.

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