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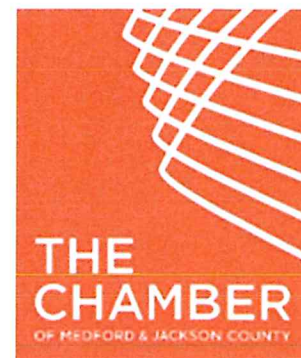
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February 8, 2023

House Committee on Business and Labor  
Oregon State Legislature  
900 Court Street, NE  
Salem, OR 97301



Re: House Bill 2536 (Nosse) Relating to third-party food platforms

Chair Holvey and Members of the Business and Labor Committee:

As an organization that stands behind their members, large and small, and their community, it is of the utmost importance that we express our apprehensions regarding HB 2536, particularly concerning the implications imposed on food delivery platforms. This rule would collectively threaten Oregon's economy due to its impacts on the restaurant and app-delivery services which is currently under consideration by members of the Business and Labor Committee.

The app-based delivery industry is one that has blossomed over the last five years, with projections to grow by \$320 billion by 2029, demonstrating its continued demand and need for its access. More specifically, the industry experienced newfound growth and necessity during the pandemic acting as a resource for restaurants to stay in business serving their communities. This option was especially vital to the many restaurants and businesses who did not already offer delivery service and helped them stay competitive.

Now, pandemic restrictions are lifting, allowing restaurants to restore their "normal" sense of operation, while still choosing the best course of action to serve their customers. Some of the decisions include whether or not to offer third-party food delivery services – the industry that positively impacted their financial stability in our world's most uncertain time.

In Oregon specifically, major food delivery platforms already offer restaurants a 15% delivery option and a surplus of opportunities and access to enhanced services. This means that HB 2536 would inevitably create a host of controversial issues that would question its constitutionality to implement these price caps in the first place.

Price caps create a variety of negative consequences when put into place in the restaurant industry. Studies have shown that, "while a fee cap may protect restaurants' profit margins, such a policy regulation may end up hurting independent restaurants." Oregon's economy is mainly supported by small businesses, making up 99.4% of the state's businesses. A price cap like this would jeopardize the success of small businesses and

restaurants, favoring large chain restaurants who would be able to absorb the costs that would accompany the price cap.

Aside from its detrimental impacts and bias against small businesses, HB 2536 would create price controls that would ultimately impact the relationship between food delivery services and restaurants, creating unwarranted bias towards one industry over the other. Bills like HB 2536 have been known to do more harm than good, creating unintended consequences that subsequently harm the very businesses it is aiming to help. A price cap has illustrated that even customer costs would rise, thereby lessening their desire to order food from restaurants.

This bill will drastically decrease the third-party delivery service incentive in Oregon, threatening restaurants' ability to reach customers and grow their business. More importantly, the bill would disproportionately affect the state's small, rural restaurants and businesses who have leaned on third-party food delivery services to expand their customer reach. Implementing price caps on food delivery services has been proven to raise prices and harm businesses' bottom line.

Lawmakers should avoid the inclination to overregulate the restaurant industry with counterproductive legislation. Similar bills in the past have proven that HB 2536 will create unnecessary burdens on Oregon's restaurant industry, specifically small businesses, and create an unprecedented cost environment that companies will struggle to uphold. While we appreciate the committee's desire to protect businesses and our economy, we urge them to pursue a different approach.

Thank you for your time and consideration regarding this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Eli Matthews", with a long horizontal line extending to the right.

Eli Matthews, IOM  
President & CEO  
The Chamber of Medford & Jackson County  
[eli@medfordchamber.com](mailto:eli@medfordchamber.com)  
541-608-8516