



NEWS RELEASE FROM THE OFFICE OF THE MAYOR

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Mayor Durkan, Council President González, Councilmember Herbold Announce New Emergency Order to Cap Third-Party Commissions and Support Local Restaurants

Emergency Order Will Cap Commission Fees at 15 Percent; Requires that 100 Percent of Tips go to Drivers

SEATTLE (April 24, 2020) – Mayor Jenny A. Durkan, Council President M. Lorena González, and Councilmember Lisa Herbold today announced a new [Emergency Order](#) to impose a 15 percent commission cap on third-party delivery services. The necessary statewide ‘Stay Home, Stay Healthy’ order has caused restaurants to rely solely on delivery and takeout services for revenue, and many restaurants use third-party delivery services to meet the needs of their customers and keep their staff safe. The 15 percent commission cap will remain in place until restaurants are allowed to offer unrestricted dine-in service in the City of Seattle.

“We know that so many of our small businesses are hurting because of the COVID-19 pandemic, and that delivery services have been a lifeline for our restaurants during this unprecedented time. Unfortunately, some third-party delivery services are charging exorbitant commission fees, which exacerbates the financial hardship many restaurants are already experiencing,” said Mayor Durkan. “This commission cap will be critical to ensuring that delivery and takeout remain viable options and don’t cause increased financial hardship. At the City, we’re doing everything we can locally to support our small businesses during this unprecedented moment in history. We’ve identified millions of dollars to invest directly in our most vulnerable small businesses and are working with our partners across government and in the private sector to help many who are struggling. With many of our neighborhood restaurants still open, we can support our small businesses by ordering pickup or delivery during this time.”

“Our beloved main street restaurants are reeling from this economic crisis and exorbitant delivery service charges further threaten their ability to weather this storm. Restaurant owners across Seattle have adapted their business models to delivery or takeout only service, resulting in the unemployment of thousands of service industry workers and even thinner margins for these important small businesses. With tight margins, every dollar paid to an app-based delivery service is a dollar taken from our local restaurants, economy and workforce. We know some of these corporations are imposing inflated fees and profiting from this crisis on the backs of our main street. We cannot allow that to happen. This Emergency Order will provide much needed relief and establish a system that is more fair and equitable to our restaurants,” said [Council President M. Lorena González](#).

Councilmember Herbold, representing [Seattle's District 1](#), thanked the West Seattle Chamber of Commerce for their early advocacy on this issue and recognized that the West Seattle Chamber shared their members’ experiences of these apps unfairly charging local businesses 30 percent on deliveries. The West Seattle Chamber has written that these apps have been “using this opportunity during the COVID-19 challenge to tell consumers that using their services are helping small businesses when the only one benefiting from these programs are these corporations.”

Restricting restaurants to takeout and delivery service disproportionately impacts small, independently-owned or minority-owned businesses that already operate on thin margins, adding to financial pressures in the industry that predate the current public health crisis. Many residents support local restaurants by using third-party, app-based

delivery services, and these third-party platforms charge commission to restaurants based on the purchase price. Each service agreement between restaurants and third-party companies varies, but some include commissions that are 30 percent or more of the purchase price. These unregulated charges place an undue burden on small business owners and require some of them to turn over a significant percentage of their badly-needed revenue to a third-party.

To further protect delivery drivers who, as independent contractors, are often shut out of federal unemployment relief, the [Emergency Order](#) requires that 100 percent of tips go to the drivers, and it includes provisions to make clear that it is illegal for a third-party platform to reduce driver compensation rates as a result of this order going into effect for the duration of the order.

“Marination and Super Six currently rely on takeout and delivery in order to have an opportunity to survive in this new economic environment. Because so many of these platforms charge such high fees, we have started to handle all takeout and delivery orders in-house. But this commission cap will allow us to transition to a third-party delivery service without facing further financial stressors and allows third-party platforms and restaurants to do what they do best,” said Kamala Saxton, co-owner of Marination and Super Six.

The 15 percent commission cap will take effect immediately and will remain in place until restaurants are allowed to offer unrestricted dine-in service. Violating the 15 percent commission cap is a misdemeanor offense and would be prosecuted by the Seattle City Attorney’s Office. Restaurants who wish to report a violation of the commission cap should call the Seattle Police Department’s non-emergency line at 206-625-5011.

Mayor Durkan and the City of Seattle have worked to implement a series of actions that support artists, nonprofits, small businesses, and workers, including:

- [Deferring utility payments](#) for customers impacted by COVID-19;
- Implementing a [temporary moratorium](#) on residential, small business, and nonprofit evictions to provide relief for working people financially impacted by COVID-19;
- [Creating temporary restaurant loading zones](#) to facilitate curbside pickup at restaurants;
- Announcing a [small business relief package](#) that included deferred business taxes and a [\\$2.5M stabilization fund](#);
- Creating a new [Arts Recovery Package](#) to provide immediate financial relief to artists and cultural organizations that have been impacted by COVID-19;
- Providing [6,250 Seattle families](#) and [1,800 workers](#) with \$800 in grocery vouchers;
- Providing [rent relief](#) to tenants of City-owned facilities; and
- Opening [emergency child care](#) classrooms to help hundreds of kids of essential workers;
- Partnering with United Way of King County and King County to invest \$5 million in rental assistance to help families stay in their homes.
- Building [the #SupportSeattleSmallBiz map](#) to help residents find restaurants, bars, cafes, and breweries offering takeout or delivery in their neighborhood.

The City has also created [a comprehensive resource page](#) for residents and small businesses impacted by COVID-19. This page will be updated as more information becomes available.