

# 15-percent cap on third-party food service delivery fees

On Monday, December 21, 2020, Mayor Frey signed Emergency Regulation 2020-20 which effectively places a 15-percent fee cap on what food service delivery platforms can charge participating restaurants. Emergency Regulation 2020-20 goes into effect at 12:00 a.m. on Wednesday, December 23, 2020.

## Frequently Asked Questions

### Why is the City of Minneapolis placing a cap on food service delivery fees?

The COVID-19 pandemic, and the local and state emergency regulations that followed, continue to restrict the available options for restaurants. Takeout and delivery now serve as primary sources of income for restaurants that remain open. Market conditions force restaurants to use third-party food service delivery platforms to compete for business while incurring service delivery fees of up to 40 percent of the price for the customer order.

### What can I expect to see once Emergency Regulation 2020-20 goes into effect?

Restaurants can expect that third-party food service delivery platforms will not charge for services that the business has not already agreed to pay. There will be an upper limit to how much commission a platform may charge for food service delivery fees.

Customers can expect increased transparency when placing an order through a third-party food service delivery platform. This includes a breakdown of the meal price, tip/gratuity to the restaurant, tip/gratuity to the food service delivery driver, and any commission or fees the delivery platform charges to the customer. The order will be accompanied by an itemized receipt that reflects the cost and cost distribution presented at checkout.

Third-party food service delivery drivers can expect to be compensated at the same rate of pay with no reduction to tips/gratuity by the third-party food service delivery platform to meet the terms of this emergency regulation.

### How long will the emergency regulation remain in effect?

Emergency Regulation 2020-20 will remain in effect until 90 days after the state of local emergency for the COVID-19 pandemic expires or until rescinded.

## What happens if a third-party food service delivery platform does not comply?

Any licensed food establishment may submit a written complaint by contacting Licenses and Consumer Services at [businesslicenses@minneapolismn.gov](mailto:businesslicenses@minneapolismn.gov). For questions about submitting your complaint, please feel free to leave a message at 612-673-2080. Due to the COVID-19 pandemic, City staff members are primarily working remotely and may be delayed in responding to voicemail.

Written complaints will be investigated further with the third-party food service delivery platform. A summary of findings will be provided to both the complainant and the third-party food service delivery platform.

Third-party food service delivery platforms found to be in violation of Emergency Regulation 2020-20 may be subject to the administrative enforcement action up to and including misdemeanor prosecution or any other legal or equitable relief authorized by law.

For purposes of this emergency regulation, the continuation of a violation shall be a separate violation for each day that the third-party food service delivery platform is found to be in violation.

## How would a restaurant go about adding an in-house food delivery service instead of using a third-party food service delivery platform?

Restaurants that want to add an in-house food delivery service have a few areas to consider.

- **Licensing.** Minneapolis-based restaurants must maintain a valid license in good standing. No additional business licenses are needed to add a delivery service.
- **Insurance.** Licensed restaurants are already required to maintain liability insurance coverage. Contact your liability insurance provider to verify your insurance coverage and policy limits. Liability insurance coverage must be updated to reflect that inclusion of a delivery service.
- **Limited Off-sale.** Restaurants licensed for on-sale distribution of beer, wine, and liquor may offer off-sale malt liquor, hard seltzer, beer, cider, and wine with takeout food orders only, not delivery.

For additional support and guidance, businesses can receive free consulting services through the Minneapolis [Business Technical Assistance Program](#) or Hennepin County's [Elevate Business HC](#).

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