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**FOR IMMEDIATE RELEASE**

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**MAYOR LIGHTFOOT AND BACP ANNOUNCE NEW RULES TO INCREASE  
TRANSPARENCY OF THIRD-PARTY FOOD DELIVERY COMPANIES FOR  
CONSUMERS**

*First-in-the-nation measure will provide cost breakdown for consumers and clarity to businesses impacted by COVID-19 while maintaining competition and innovation in the marketplace*

**CHICAGO** – Mayor Lori E. Lightfoot and Department of Business Affairs and Consumer Protection (BACP) Commissioner Rosa Escareno today announced [new rules](#) for third-party food delivery companies to increase transparency and fair competition. Effective Friday, May 22<sup>nd</sup>, all third-party delivery companies will be required to disclose to the customer an itemized cost breakdown of each transaction, including the menu price of the food, any sales or other tax, delivery charge and tip, and any commission or service fee paid by the restaurant to the third-party delivery company. As more restaurants are relying on third-party delivery apps during the Coronavirus 2019 (COVID-19) outbreak, these first-in-the-nation rules will provide customers with the details they need to make fully-informed purchasing decisions.

“Amid the COVID-19 crisis, our restaurants are relying on third-party delivery services more than ever so that they can keep their doors open and stay afloat,” said Mayor Lightfoot. “By providing customers with more transparency when they use these delivery services, we can further ensure not only fair business practices for our restaurants but also maintain the innovation that is essential to this industry.”

The vast majority of third-party delivery companies charge a commission fee to the restaurant from which food is being delivered. This fee, which is often built into the disclosed menu price of the food, has been reported to be up to 30 percent of the menu price of the food and is in addition to any fee charged explicitly for the delivery. Since this fee is not currently transparent when an individual is purchasing food, customers may believe that the restaurant is receiving the full menu price of the food. As such, revenue to the restaurant can be significantly lower when ordering through a third-party delivery service as opposed to an order placed



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directly through the restaurant. This information can be valuable to consumers wishing to support local restaurants, particularly during this time of crisis.

“During these unprecedented times, it’s never been more critical to ensure Chicago’s consumers have as much information as possible when making purchasing decisions,” said BACP Commissioner Rosa Escareno. “Transparency is essential to a functioning marketplace and this step will ensure proper supports are in place for consumers and all types of businesses across the industry.”

To increase transparency and reduce customer confusion, the new rules require that third-party delivery companies disclose itemized cost information, including any commission or service fee, prior to the purchase of food as well as following the purchase via receipt. These new rules will be in place permanently and apply to all websites, mobile applications or other internet services that offer or arrange the sale of food or beverages by a restaurant, bar or other food-serving establishments. Violating the rules can result in a daily fine of \$500 to \$10,000.

“It is more important now than ever to support local businesses, and these new rules gives customers a crystal-clear picture of where their money is going when they use a delivery app,” said Tom Tunney, 44<sup>th</sup> Ward Alderman. “This much-needed transparency will help customers understand where their money is going while supporting innovation within the restaurant and delivery industry.”

These rules are the latest effort by BACP to increase transparency and clarity for consumers while maintaining the fair competition and innovation that is essential to the third-party delivery industry that many restaurants, customers and workers rely on during the COVID-19 outbreak and throughout the year. To ensure the health of the community under Illinois’ Stay at Home Order, restaurants and bars can remain open for delivery, pick-up and drive-thru. Accordingly, many restaurants are relying on delivery companies to complete orders and maintain operations during the outbreak.

“Food delivery has become essential as restaurants and Chicagoans navigate the COVID-19 crisis,” said Sam Toia, President and CEO of the Illinois Restaurant Association. “Diners deserve to know exactly how much of their money is going to a third-party delivery service when they use those platforms to order from their favorite local restaurants. These rules are a step in the right direction to bring much-needed transparency to the food delivery space, and help customers make educated decisions to further support restaurants throughout Chicago’s 77 communities.”

The City of Chicago understands the impact that the COVID-19 outbreak is having on all Chicagoans, which is why Mayor Lightfoot and BACP have taken unprecedented



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steps to support small and local businesses as well as its consumers. Last month, Mayor Lightfoot and BACP announced the Chicago Small Business Resiliency Loan Fund and Microbusiness Recovery Grant Program, which will dedicate an unparalleled \$105 million combined for emergency financial relief to businesses throughout the city. Furthermore, the City has activated 13 Small Business Resource Navigators to provide one-on-one individualized support to small businesses as they navigate the COVID-19 outbreak.

"As the Chairman of the Committee on License and Consumer Protection, I know how important it is for businesses and consumers to ensure transparency in all transactions," said Emma Mitts, Alderman of the 37th Ward. "Customers should know where their money is headed and these new rules will go a long way to bring fairness and openness to the marketplace."

Over the past several months, BACP has conducted extensive outreach with the restaurant community to gauge interest and provide educational materials and resources. To continue ensuring these establishments have the latest public health guidance and information they need, the Department has held several webinars to connect local businesses with City resources. Participants can register for all webinars at [www.chicago.gov/businessworkshops](http://www.chicago.gov/businessworkshops)

"Today is another step forward on a path toward more transparency for Chicago's consumers and local businesses," said Scott Waguespack, 32<sup>nd</sup> Ward Alderman. "Through these rules, we are providing a clear-cut picture to residents of where their money is going, which is more important than ever before during this public health crisis."

These latest measures build on the City's ongoing efforts to support businesses impacted by the COVID-19 outbreak. On April 16, Mayor Lightfoot announced an extension of business tax payments to June 1. This includes restaurant, hotel accommodations, bottled water, checkout bag, ground transportation, parking and amusement taxes. BACP has also created a direct subsidy for wheelchair accessible taxicab drivers by increasing the annual subsidy for vehicle maintenance by \$1,000, increasing the driver leasing subsidy from \$15 to \$25/hour. Finally, the City has extended the deferral of the deadline for debt checks for taxicab and TNP drivers to June 1.

"This is a significant step forward in protecting our local restaurants and our standing as a culinary capital," said Andre Vasquez, 40th Ward Alderman. "By requiring transparency on exactly how much Third-Party Delivery Services charge each restaurant, consumers can be better informed as to who their dollars really go to."



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To further ensure a speedy recovery, the City of Chicago has directed an unprecedented \$105 million into two emergency financing programs, the Chicago Small Business Resiliency Loan Fund and Chicago Microbusiness Recovery Grant Program. To date, the Loan Fund has approved over 300 low-interest loans for over \$10 million to small businesses impacted by COVID-19. Additionally, the City has received over 4,500 applications for \$5,000 grants through the Chicago Microbusiness Recovery Grant Program. The application closed on Monday, May 4 and recipients will be notified this week.

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