Legislation Details (With Text)

File #:	O2021-2862		
Type:	Ordinance	**Status:**	Passed
File created:	6/25/2021	**In control:**	City Council
		Final action:	7/21/2021
Title:	Establishment of rules and regulations for third-party food delivery services		
Sponsors:	O'Shea, Matthew J., Harris, Michelle A., Mitts, Emma		
Indexes:	Business Affairs & Consumer Protection		
Attachments:	1. O2021-2862.pdf		

Date	Ver.	Action By	Action	Result
7/21/2021	1	City Council	Passed	Pass
7/21/2021		City Council	Passed	Pass
7/19/2021	1	Committee on License and Consumer Protection		
6/25/2021	1	City Council	Referred	

Committee on License and Consumer Protection
City Council June 23, 2021

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO SECTION 2.

a) Definitions. For purposes of this Article, the following definitions apply:

"City" means the City of Chicago.

"Delivery fee" means a fee charged by a Third-Party Food Delivery Service for providing a Food Dispensing Establishment with a service that delivers food and beverages from such establishment to customers. The term does not include any other fee, commission or cost that a Food Dispensing Establishment has agreed to pay a Third-Party Food Delivery Service, such as fees for listing, marketing or advertising the Food Dispensing Establishment on the Third-Party Food Delivery Service platform, fees for access to customer subscription programs or fees related to processing the Online Order.

"Food Dispensing Establishment" has the same meaning as ascribed to this term in Section 4-8-010 ofthe Municipal Code of Chicago.

"Online Order" means an order placed by a customer through or with the assistance of a platform provided by a Third-Party Food Delivery Service, including a telephone order, for delivery or pick-up within the City.

"Purchase Price'" means the price, as listed on the menu ofthe Food Dispensing Establishment, for the items contained in an Online Order, minus any applicable coupon or promotional discount provided to the customer by the Food Dispensing Establishment through the Third-Party Food Delivery Service. This definition does not include taxes, gratuities, and anv other fees or costs that may make up the total amount charged to the customer of an Online Order.

"Third-Party Food Delivery Service" means any website, mobile application, or other internet service that offers or arranges for the sale of food and beverages prepared by, and the delivery or pick-up of food and beverages from, no fewer than 20 Food Dispensing Establishments located in the City that are each owned and operated by different persons.

b) Prohibitions. It shall be unlawful for a Third-Party Delivery Service to:

1) charge a Food Dispensing Establishment a Delivery Fee that totals more than 15 percent ofthe Purchase Price of each Online Order on an individual or cumulative basis.

2) charge a Food Dispensing Establishment any amount designated as a Delivery Fee for an Online Order that does not involve the delivery of food or beverages.

3) charge a Food Dispensing Establishment any fee, commission, or cost other than as permitted in Subsections 1 through 2, above.

4) The limits on fees, commissions, and costs in Subsections 1 through 3, above, do not apply to a Third-Party Delivery Service that offers Food Dispensing Establishments, excluding Chain Restaurants as defined in Section 3, the option to obtain delivery service for a total fee, commission, or cost not to exceed 15% ofthe Purchase Price of each Online Order. For purposes of this Subsection "delivery service" means facilitating the delivery of an Online Order from a Food Dispensing Establishment to a customer by an employee or independent contractor ofthe third-party food delivery service. This Subsection does not prohibit a Third-Party Delivery Service from refusing to provide service to a Food Dispensing Establishment, so long as the refusal is not based solely on the Food Dispensing Establishment's decision to select the 15% option.

5) charge a customer any Purchase Price for a food or beverage item that is higher than the price set by the Food Dispensing Establishment on the Third-Party Food Delivery Service or, if no price is set by the Food Dispensing Establishment on the Third-Party Food Delivery Service, the price listed on the Food Dispensing Establishment's own menu.

6) reduce the compensation rates paid to the Third-Party Delivery Service drivers, or to garnish gratuities, as a result of any fee limitations instituted by this section.

(e) Enforcement and Rules. The Commissioner of Business Affairs and Consumer Protection is authorized to: (i) administer and enforce this Article, and (ii) promulgate rules necessary or useful to assist in the implementation and administration of this Article.

(d) Violation Penalty. Any person who violates this section shall be fined not less than $1,000.00 nor more than $2,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

SECTION 3. This Article shall not apply to any Chain Restaurant. For purposes of this Article only, the term "Chain Restaurant'" means any group of businesses licensed as a Food Dispensing Establishment in the City with ten or more locations and operating under a common business name.

Matthew J. O'Shea Alderman, 19th Ward

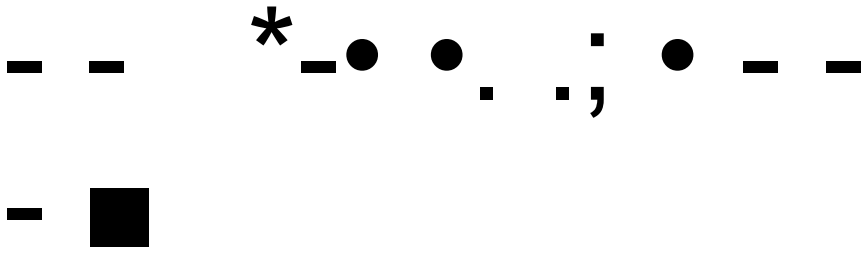
SECTION 4. This Article shall be repealed of its own accord, without further action of the City Council, on

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October 31, 2021.

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Chicago City Council Co-Sponsor Form

3rd Party Delivery Fee

Document No.: Subject;

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CITY Of CHICAGO

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Chicago City Council Co-Sponsor Form

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