

February 11, 2025



The Honorable Joseph J. Solomon, Jr.
Chair, House Committee on Corporations
Rhode Island State House
Providence, RI 02903

Re: Concern Relative to House Bill 5247

Dear Chairman Solomon and Members of the Committee

Thank you for the opportunity to submit written testimony on behalf of DoorDash, a technology company that connects consumers with their favorite local and national businesses. DoorDash currently partners with **over 1,400** Rhode Island merchants on the DoorDash Marketplace, and our mission is to grow and empower local economies, including Rhode Island's. We offer the following comments with respectful concern to House Bill 5247, *An Act Relating to Commercial Law - General Regulatory Provisions - Deceptive Trade Practices*.

I'm writing **to offer comments in opposition to HB 5247**. While we strongly support the policy goals of HB 5247, the bill unnecessarily impacts numerous industries that are already transparent on pricing, including platforms like DoorDash that disclose fees early in the consumer ordering process, operate in a hyper-competitive environment, and rely on consumers returning again and again (which they would not do if they felt like our fees were hidden or unjustified).

Let me take this opportunity to affirm our commitment to consumer fee transparency. Our approach to fees is guided by foundational principles including fairness and transparency. There are no hidden fees, junk fees or surprises at checkout on the DoorDash platform. We're upfront on pricing. Consumers will always see what they will pay, including fees, before they ever checkout. Additionally, at a time when the cost-of-living can be painfully high, we know that now, more than ever, every dollar counts. That's why we're constantly working hard to make sure our services remain affordable. We've reduced average consumer fees and made our platform as accessible as possible to everyone.

While we are firmly aligned on the need for transparency in pricing, we have several concerns with House Bill HB 5247 in its current form.

First, the Federal Trade Commission (FTC) finalized a rule in January addressing this same issue. While the rule was initially drafted to apply economy-wide—just as this legislation proposes—after a year of study and consideration of more than 60,000 comments, the FTC determined it was more prudent to narrow its scope. Ultimately, the agency limited the rule to two industries with demonstrated abuses in fee disclosures: hotels/short-term rentals and ticketing. The FTC recognized that a broader rule could have unintended consequences, sweeping in sectors without evidence of similar concerns. We urge the committee to take the same measured approach with this bill.

Second, our industry is unlike others that have been targets on this issue. In addition to already disclosing fees early in the ordering process, we operate in a hyper-competitive industry that provides consumers with numerous alternatives, empowering them to choose services based on fee structures that make sense to them. Consumers also go through the ordering process very quickly on our platform and can easily abandon an order if they encounter a fee they do not feel is fair. This is in contrast to other industries that have a lengthy purchasing funnel that result in significant “sunk costs” by the time a consumer reaches the checkout page. Additionally, our business very much depends on repeat consumers.

Moreover, unlike other industries where a consumer may make a purchase once or twice a year, we thrive when consumers come back to us multiple times monthly or even weekly. We cannot win that loyalty if consumers feel deceived by our fees. Furthermore, the legislation overlooks the dynamic nature of the delivery market, where flexibility in pricing and promotions plays a crucial role in meeting consumer demands for affordable options. By imposing rigid fee structures, the proposed legislation could stifle innovation and limit the ability of platforms like ours to offer discounts at checkout and other incentives that benefit both consumers and our merchant partners.

Third, we are also concerned that the proposed language seeks to regulate legitimate pricing practices, implicating significant economic questions and impacts that have not been studied or thought through. For example, a strict reading of this legislation could require all fees to be flat fees, which in turn could result in overall higher fees for the average consumer on delivery platforms. This is because for the amount of a fee to be disclosed up front, it cannot be variable depending on consumer choices made during the ordering process.

For example, a percentage-based fee structure that increases with the size of a consumer’s order to fairly spread the costs of fulfilling that order based on its

size/contents may be prohibited under this legislation. While it is reasonable to disclose the existence of these fees as early as possible to consumers, their inclusion in an upfront price is only possible once the amount becomes ascertainable. In the delivery platform context, percentage-based fees that scale with the size of an order often prove more equitable than a uniform upfront flat fee.

Fourth, we are concerned with the adverse impacts this bill will have on the participants of our platform, including our merchant partners, delivery drivers (“dashers”), and consumers. Restructuring pricing displays to comply with new regulations could make the ordering process less intuitive, potentially diminishing the overall consumer experience. This in turn could adversely affect order frequency due to frustrated consumers, a result that would decrease revenue for merchants and reduce earning opportunities for drivers.

Fifth, consideration should also be given to how this rule could adversely impact online platforms like ours, where third-party merchants set the prices of items offered for sale, while platforms charge fees to cover services related to connecting the consumer with the merchant and facilitating delivery. These fees cover distinct services provided by the platform as a separate entity in the transaction, and it could be confusing and less transparent to consumers if such fees were to be combined with the item prices set by independent merchants. Indeed, the legislation is currently vague as to whether this would be required, which is another reason we urge the Committee to take a more measured approach.

Sixth, If this legislation is enacted, we urge key clarifications to align with other state proposals. Specifically, the law should allow variable fees to be displayed later in the ordering process when their amounts become ascertainable, ensuring accuracy and consistency with similar laws. Additionally, the initial disclosure requirement should apply only to mandatory fees, preventing unnecessary confusion and aligning with existing regulatory frameworks. Finally, we recommend an effective date of at least six months to provide businesses sufficient time to update displays, websites, menus, and ordering systems. These clarifications will help ensure the law is practical, enforceable, and transparent for both consumers and businesses.

DoorDash in Rhode Island

As the pandemic proved, delivery services play a critical role in Rhode Island’s economy and ensure that Rhode Islanders have access to food and small businesses feel supported. Through our Project DASH initiative, DoorDash – and the Dashers who use the platform deliver meals to those in need on behalf of food relief organizations.

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DoorDash is a proud partner of the *Rhode Island Hospitality Association* and donated \$250,000 in grants for over 50 small restaurants across the state to help these businesses weather pandemic-related closures.

In 2022, we announced a partnership with the *City of Pawtucket* as it relates to the White House Conference on Hunger, Nutrition, and Health. As part of the Conference, DoorDash committed to working with Mayors across the country to help combat hunger by working with these cities to provide targeted support by utilizing DoorDash Community Credits (gift cards). By the close of 2024, we disbursed \$35,000 in DoorDash gift cards to the City to use to address food insecurity needs; the gift cards went to several youth and senior programs, as well as those in affordable housing.

Working Together on Policy

This bill touches on a policy issue that greatly impacts the experience of consumers, Dashers, and Merchant (Restaurant & Retail partners) who utilize the DoorDash platform. The bill would have wide-ranging ramifications and should be carefully studied with stakeholder input before taking any legislative action. We ask **the Committee to study the issue and utilize DoorDash as a resource as you navigate through the intricacies of technology platforms like ours and our place in the Rhode Island economy.**

We welcome the opportunity to work with the Committee moving forward on a solution that works for Rhode Island consumers, Dashers, and restaurant/retailers across the state.

Sincerely,

Christina Kennedy
Sr. Gov. Relations Manager - New England