

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2025-2026 Regular Session**

AB 578 (Bauer-Kahan)  
Version: June 12, 2025  
Hearing Date: June 24, 2025  
Fiscal: No  
Urgency: No  
CK

**SUBJECT**

Food delivery platforms: customer service

**DIGEST**

This bill strengthens the Fair Food Delivery Act. It provides protections and transparency for delivery people's compensation and establishes refund protections for consumers. This bill also requires food delivery platforms to provide for customer service features that allow access to a natural person, as provided.

**EXECUTIVE SUMMARY**

While third party app-based food delivery companies, such as DoorDash, Uber Eats, and Grubhub, offer the promise of convenient and safe access to a variety of restaurants at the click of a button, these companies' success has presented a number of issues for restaurants, customers, and delivery workers. To protect restaurants and customers, the Legislature enacted the Fair Food Delivery Act of 2020 (AB 2149 (Gonzalez, Ch. 125, Stats. 2020)) (Act), which prohibits food delivery platforms from arranging for the delivery of an order from a food facility without first obtaining an agreement authorizing the food delivery platform to take orders and deliver meals prepared by the food facility. Several measures have since bolstered the Act.

This bill seeks to build on the protections of the Act for both customers and delivery workers. It prohibits offsetting the base pay of a delivery person based on gratuities or tips and requires food delivery platforms to disclose to a delivery worker an itemized breakdown of their pay. The bill also addresses situations where a customer's accurate order is not fully delivered, imposing requirements on platforms to provide refunds, as specified. Platforms must also provide access to a customer service representative that is a natural person, as provided. The bill is author-sponsored and supported by the California Federation of Labor Unions and Uber. It is opposed by various business and tech organizations, including Technet. If the bill passes this Committee, it will next be heard in the Senate Committee on Business, Professions, and Economic Development.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) Establishes the Act, which prohibits food delivery platforms, as defined, from arranging for the delivery of an order from a food facility, as defined, without first obtaining an agreement with the food facility expressly authorizing the food delivery platform to take orders and deliver meals prepared by the food facility. (Bus. & Prof Code § 22598 et seq.)<sup>1</sup>
- 2) Defines the relevant terms, including:
  - a) “Food delivery platform” means an online business that acts as an intermediary between consumers and multiple food facilities to submit food and beverage orders from a consumer to a participating food facility and to arrange for, or to complete, the delivery of the order from the food facility to the consumer.
  - b) “Online order” means an order for food or beverage placed by a customer through or with the assistance of a food delivery platform, including, but not limited to, a telephone order, for delivery. (§ 22598.)
- 3) Makes it unlawful for a food delivery platform to do the following:
  - a) Charge a customer any purchase price for food or beverage that is higher than the price posted on the food delivery platform’s internet website by the food facility at the time of the order.
  - b) Retain any portion of amounts designated as a tip or gratuity. Any tip or gratuity for a delivery order shall be paid by a food delivery platform, in its entirety, to the person delivering the food or beverage. Any tip or gratuity for a pickup order shall be paid by a food delivery platform, in its entirety, to the food facility. (§ 22599.1(a).)
- 4) Requires a food delivery platform to prominently disclose to the customer and to the food facility an accurate, clearly identified, and itemized cost breakdown of each transaction, including all of the following information:
  - a) The purchase price of the food and beverage.
  - b) A notice, if applicable, that the food delivery platform charges a fee, commission, or cost to the food facility, unless the food facility directs that the food delivery platform disclose to customers the delivery fee charged to the food facility and each fee, commission, or cost charged to the food facility.
  - c) Each fee, commission, and any other cost charged to the customer by the food delivery platform; and

---

<sup>1</sup> All further section references are to the Business and Professions Code unless otherwise indicated.

- d) Any tip or gratuity payable to the delivery driver or food facility. (§ 22599.1(b).)
- 5) Requires a food delivery platform to clearly and regularly disclose to the food facility and the customer the status of the order, including all of the following:
  - a) The method of delivery.
  - b) The anticipated date and time of the delivery of the order.
  - c) Confirmation that the order has been successfully delivered or that the delivery cannot be completed. (§ 22599.1(d).)

This bill:

- 1) Makes it unlawful for a food delivery platform to maintain a payment model that uses any amount designated as tips or gratuity to offset the base pay to the person delivering the food or beverage.
- 2) Requires a food delivery platform to do the following:
  - a) Prominently disclose to the person delivering the food or beverage an accurate, clearly identified, and itemized breakdown of the pay received for a delivery, including the base pay, gratuity or tips, and any promotional bonuses.
  - b) Include a clear and conspicuous customer service feature that allows a customer to contact a natural person. The food delivery platform may use an automated system to address customer service concerns. However, if the automated system is unable to address the customer's concerns, the food delivery platform shall ensure that the customer is able to promptly connect with the natural person in order to address the concern.
  - c) Provide a full refund, including all taxes, commissions, fees, and gratuities, to the customer if an order is not delivered or the wrong order is delivered. It shall refund the amount of the original paid gratuity to the customer but shall not take or deduct the original gratuity amount from the delivery driver.
- 3) Provides that if it is not feasible for the food delivery platform to refund the paid gratuity to the customer in the original method of payment, the platform shall provide an alternate refund method for the paid gratuity.
- 4) Requires a platform, if a customer receives a partial order, to do the following:
  - a) Charge the customer only for the amount delivered and prorate all taxes, commissions, and fees so they are commensurate with the amount the customer pays for the partial order.
  - b) Provide a mechanism that allows the customer to adjust any gratuity that was included in the order prior to its delivery.

- 5) Along with any other refund options, the food delivery platform shall provide a mechanism that allows the customer to request that the amount of the refund be returned to the original method of payment.

## COMMENTS

### 1. Food delivery platforms and the Fair Food Delivery Act of 2020

The COVID-19 pandemic decimated the restaurant industry. Millions of employees were laid off or furloughed and approximately four in 10 restaurants closed.<sup>2</sup> Meanwhile, sales through third-party online delivery services, already a major growth industry before the pandemic, surged dramatically, growing by 122 percent in 2020.<sup>3</sup> Although these services can conveniently and safely connect restaurants with customers, they can be costly – commissions are often around 30 percent of the sale price, and there may be additional fees<sup>4</sup> – and a poor fit for some restaurants.<sup>5</sup> In an industry known for thin profit margins, this impact to revenues can be a formidable barrier to sustained financial viability.

Several lawsuits against food delivery platforms have been filed across the country alleging, among other unscrupulous behaviors, unfair business practices, labor violations, and the misuse of restaurants' names and logos.<sup>6</sup> One type of predatory practice involved listing restaurants on food delivery websites without their consent,<sup>7</sup> which risks overwhelming restaurant operations, creating quality and safety problems, and eroding customer bases.

---

<sup>2</sup> National Restaurant Association, Letter to Congress (Apr. 20, 2020), *see* <https://www.cnbc.com/2020/04/20/coronavirus-restaurants-describe-huge-shortfalls-with-government-aid.html>; Matt Goulding, *An Extinction Event for America's Restaurants* (June 19, 2020) *The Atlantic*, available at <https://www.theatlantic.com/culture/archive/2020/06/what-will-happen-restaurants/613141/>. All internet citations are current as of June 9, 2025.

<sup>3</sup> Chris Crowley, *5 Big Reasons the Delivery 'Boom' May Soon Go Bust* (May 5, 2021) *New York Magazine*, available at <https://www.grubstreet.com/2021/05/5-reasons-the-food-delivery-boom-may-soon-go-bust.html>.

<sup>4</sup> For the top five food delivery platforms, total markups range from 17 percent to 40.5 percent of the restaurant's list price. (Noah Lichtenstein, *The hidden cost of food delivery*, (Mar. 16, 2020) *TechCrunch*, available at <https://techcrunch.com/2020/03/16/the-hidden-cost-of-food-delivery/>.)

<sup>5</sup> Many restaurants use their own online ordering and delivery systems to ensure quality control and cost-effectiveness. Boutique restaurants may lack the capacity to absorb extra orders and may be unwilling to risk entrusting an unknown, unregulated third party to handle an order properly and deliver it promptly.

<sup>6</sup> *See* Jaya Saxena *Who's Paying for the Great Delivery Wars?* (Jan. 21, 2021) *Eater.com*, available at <https://www.eater.com/22224695/uber-eats-postmates-grubhub-delivery-wars-2021>.

<sup>7</sup> Janelle Bitker & Shwanika Narayan, *Grubhub, DoorDash rush to add restaurants. Customers and drivers pay the price* (Feb. 2, 2020) *San Francisco Chronicle*, available at <https://www.sfchronicle.com/business/article/Grubhub-DoorDash-rush-to-add-restaurants-15023372.php>.

In response, the Legislature adopted the Fair Food Delivery Act of 2020. The Act prohibits food delivery platforms from arranging for the delivery of an order from a food facility without first obtaining an agreement with the food facility expressly authorizing the food delivery platform to take orders and deliver meals prepared by the food facility. (§ 22599.) A violation of the Act constitutes an unfair business practice under the Unfair Competition Law.<sup>8</sup> A number of updates have occurred in the years since.

AB 286 (Gonzalez, Ch. 513, Stats. 2021) expanded the Act by prohibiting a food delivery platform from marking up the price of the food and beverages it delivers or retaining tips or gratuities it receives. AB 286 also requires food delivery platforms to provide itemized cost breakdowns to customers and food facilities that includes the purchase price of the food and beverage; a notice, if applicable, that the food delivery platform charges a fee, commission, or cost to the food facility, except as specified; each fee, commission, or cost charged to the customer by the food delivery platform; and any tip or gratuity.

AB 502 (Lee, Ch. 164, Stats. 2023) addressed issues with consumer communications intended for food facilities that are placed through a listing website. It prohibits such websites from associating methods of communication with a food facility where they know that use of that method will result in a “forwarded call,” as defined. AB 502 also requires certain disclosures with respect to fees, commissions, and other costs in connection with orders placed through such websites.

Just last year, SB 1490 (Durazo, Ch. 898, Stats. 2024) bolstered the protections of the Act by requiring platforms to disclose to consumers and restaurants the status of deliveries and to inform the food facilities of specified details, including information about how errors are handled and charged and the various fees and features involved with a platform’s various plans. It also requires platforms to provide facilities a mechanism for removing themselves and for directing the platform to disclose to consumers the delivery fee charged to the facility.

## 2. Strengthening the protections of the Fair Food Delivery Act

Despite these laws, concerns within the industry regarding anti-competitive practices, and opaque and manipulative fees continue to be expressed and litigated. Los Angeles

---

<sup>8</sup> Business and Professions Code section 17200 prohibits unfair competition, including unlawful, unfair, and fraudulent business acts. The UCL covers a wide range of conduct, making any business practice prohibited by law independently actionable as an unfair competitive practice. (*Medical Marijuana, Inc. v. ProjectCBD.com* (2020) 46 Cal.App.5th 869, 896, citing *Korea Supply Co. v. Lockheed Martin Corp.* (2003) 29 Cal.4th 1134, 1143.) However, “a practice may violate the UCL even if it is not prohibited by another statute. Unfair and fraudulent practices are alternate grounds for relief.” (*Medical Marijuana, Inc. v. ProjectCBD.com, supra*, 46 Cal.App.5th at 896, quoting *Zhang v. Superior Court* (2013) 57 Cal.4th 364, 370 [citations and nested quotation marks omitted].)

County brought an enforcement action against a leading food delivery platform, Grubhub, alleging false and deceptive advertising, misrepresentation and unfair business practices that financially harm consumers, delivery drivers, and restaurants.<sup>9</sup>

The Federal Trade Commission also recently took action against Grubhub, reaching a settlement based on allegations of unlawful practices:

Grubhub will pay \$25 million to settle charges from the Federal Trade Commission and the Illinois Attorney General that the food delivery firm engaged in an array of unlawful practices including deceiving diners about delivery costs and blocking their access to their accounts and funds, deceiving workers about how much money they would make delivering food, and unfairly and deceptively listing restaurants on its platform without their permission.

Under the proposed settlement, the company must make substantial changes to its operations across a number of areas, including telling consumers the full cost of delivery, honestly advertising pay for drivers, and listing restaurants on its platform only with their consent.<sup>10</sup>

Earlier this year, the New York Attorney General announced the conclusion of its own action against another platform, DoorDash:

New York Attorney General Letitia James today announced a \$16.75 million settlement with delivery platform DoorDash for misleading both consumers and delivery workers (known as “Dashers”) by using tips intended for Dashers to subsidize their guaranteed pay. Between May 2017 and September 2019, DoorDash used a guaranteed pay model that let Dashers see how much they would be paid before accepting a delivery. An Office of the Attorney General (OAG) investigation found that under this model, DoorDash used customer tips to offset the base pay it had already guaranteed to workers, instead of giving workers the full tips they rightfully earned. DoorDash will pay \$16.75 million in restitution for Dashers and up to \$1 million in settlement administrator costs to help issue the payments.<sup>11</sup>

---

<sup>9</sup> *LA County Sues Grubhub Alleging Unfair and Deceptive Business Practices*, Office of the County Counsel, Los Angeles, <https://counsel.lacounty.gov/la-county-sues-grubhub-alleging-unfair-and-deceptive-business-practices/>.

<sup>10</sup> Case Summary, *Grubhub Inc., FTC and Illinois v.* (December 31, 2024) FTC, <https://www.ftc.gov/legal-library/browse/cases-proceedings/202-3157-grubhub-inc-ftc-illinois-v>.

<sup>11</sup> *Attorney General James Secures \$16.75 Million from DoorDash for Cheating Delivery Workers Out of Tips* (February 24, 2025) Office of the New York State Attorney General, <https://ag.ny.gov/press-release/2025/attorney-general-james-secures-1675-million-doordash-cheating-delivery-workers>.

This bill bolsters the protections of the Act in order to address some of these lingering issues in the industry.

First, the bill directly addresses the focus of the New York settlement by prohibiting food delivery platforms from maintaining a payment model that uses any amount designated as tips or gratuity to offset the base pay to the person delivering the food or beverage. To ensure more transparency for these delivery workers, the bill requires food delivery platforms to prominently disclose to the person delivering the food or beverage an accurate, clearly identified, and itemized breakdown of the pay received for a delivery, including the base pay, gratuity or tips, and any promotional bonuses.

Second, the bill provides stronger protections for consumers when their orders are not delivered or the wrong order is delivered. It requires platforms to provide a full refund, including all taxes, commissions, fees, and gratuities, as specified, to the customer if an order is not delivered or the wrong order is delivered. Along with any other refund options, the food delivery platform must provide a mechanism that allows the customer to request that the amount of the refund be returned to the original method of payment. If the consumer receives a partial order, the platform may only charge a prorated amount and the consumer must be able to adjust the gratuity included prior to the incomplete delivery.

Finally, to ensure consumers are able to voice issues and report incidents effectively, the bill requires food delivery platforms to provide a feature that allows a customer to contact a natural person, allowing for the platforms to utilize an automated system to first attempt to triage the issue.

According to the author:

The rise of food delivery platforms has led to increased consumer complaints about undelivered orders, lack of refunds, and unreliable customer service. Many customers struggle to get their money back when orders are incomplete or never arrive, while automated customer service systems leave them without assistance. This legislation ensures full refunds for failed deliveries. Simply providing credits is neither sufficient nor fair, as customers are rightfully entitled to recover their money rather than accepting a substitute. Further, AB 578 mandates live customer support representatives to assist with issues, which improves accessibility and user experience. Finally, to ensure gratuities reflect service quality, this bill allows tips to be adjusted after failed deliveries. These changes promote fairness and transparency to ensure consumer protection.

### 3. Stakeholder positions

The California Low-Income Consumer Coalition writes in support:

As food delivery has become a frequent part of daily life, consumers have grown increasingly reliant on third-party delivery platforms. Unfortunately, with that increase has come a growing number of concerns regarding business practices and an increase in complaints: missing items, incorrect orders, or undelivered meals. Some platforms offer only partial credits, refuse to issue refunds, or force consumers into automated customer services processes that do not solve the problem.

Currently, customers bear the financial risk of failures that they did not cause. AB 578 ensures that consumers are provided with a refund in their original payment method, not just a credit to be used at a later time for a service they may no longer wish to use. AB 578 further ensures customers have access to a live customer service representative to address any issue with the order, not an inescapable chatbot labyrinth.

Consumers deserve the same protections when ordering food online that they would expect in a brick-and-mortar restaurant; if the meal is not delivered, they should not be charged. AB 578 provides a simple but crucial safeguard in an increasingly digital marketplace.

Technet and the California Chamber of Commerce write in opposition:

AB 578 fails to contemplate potential fraud by the recipient of the food. As an example: proposed subsection 22599.2(d) provides that “in the event that a customer receives a partial order, the food delivery platform shall ... charge the customer only for the amount delivered ... [and] provide a mechanism that allows the customer to adjust any gratuity that was included in the order prior to its delivery.” (emphasis added.) In other words, AB 578 appears to not consider (and therefore not allow platforms to account for) situations where a recipient of a meal may falsely assert that their food was improperly delivered – for example, claiming that items were missing inside of their delivery bag. In the face of this claim, food delivery platforms must have the ability to question the veracity of such claims, particularly in the light of repeated claims of failure to deliver from one customer. However, it is unclear how they could do so under AB 578’s strong refund language. We would ask for amendments to clarify that AB 578 is not intended to prohibit fraud prevention efforts in those rare cases where they are necessary.



In order to respond to concerns of fraud, the author has agreed to an amendment that ensures platforms can remove a user they have a reasonable suspicion has engaged in fraud.

The California Federation of Labor Unions writes in support:

AB 578 also prohibits the food delivery platform from a payment model that uses any gratuity to offset the base pay to the person delivering the order. It makes clear that drivers are entitled to all tips and gratuities even if the company issues a full refund to the customer.

Consumers and drivers deserve the same protection when ordering food online as they would expect in a brick-and-mortar restaurant; if the meal is not delivered, they should not be charged. Drivers also deserve the labor protections that cover restaurants and all other workers to ensure they are paid the tips they earned even after a refund.

Writing in opposition, Grubhub outlines its concerns:

Our concerns:

- Section 2 of AB 578 is unclear about what could trigger a full or partial refund to the consumer, which could lead to rampant fraud and abuse. The current language would require food delivery platforms to refund the full amount of the gratuity to the consumer in the event of a wrong or incomplete order, without deducting the amount from the courier. The current language fails to provide a food delivery platform with clear terms for investigating claims, exposing the food delivery platform and our restaurant partners to fraud and financial harm.
- Section 2 of AB 578 does not distinguish between delivery by a food delivery service and restaurants that choose to use a delivery platform for marketing but deliver using internal resources. In instances of an incorrect order, Grubhub has the ability to refund the diner for the incorrect food items, but it has no ability to control whether or not the delivery driver's gratuity is deducted from earnings. We would ask that "delivery driver" be amended to narrowly define delivery to experiences using a third-party courier.
- Section 2 AB 578 does not appear to define what constitutes a "wrong order," and it is not clear how or when this would differ from a "partial order." Is an order wrong if a diner ordering a burger requests no pickles but receives pickles? How can this be verified? Is it reasonable to expect a restaurant to provide a full

refund in this scenario, particularly if the remainder of the order was complete and correct? We would ask that “wrong order” be defined or that BA 578 be limited to incomplete orders.

Uber Technologies writes in support:

Uber Technologies, Inc. writes in support of AB 578, which would establish minimum customer service standards for food delivery platforms such as those operated by Uber Eats.

Among these standards are providing access to a live person, and offering a full or partial refund when an order isn't received or is incorrect. In addition, the bill provides for a mechanism for a customer to request a refund to their original method of payment - all customer service standards that Uber proudly meets. We also appreciate your recent amendment that recognizes the importance of ensuring delivery drivers keep tips that have already been paid out to them.

Uber strives to provide excellent customer service to its customers everyday. We believe this bill is a common sense measure to ensure all customers are provided excellent service.

### **SUPPORT**

California Federation of Labor Unions, AFL-CIO  
California Low-Income Consumer Coalition  
Uber Technologies, INC.  
UFCW - Western States Council

### **OPPOSITION**

California Chamber of Commerce  
Grubhub  
TechNet  
Chamber of Progress

### **RELATED LEGISLATION**

Pending Legislation: None known.

Prior Legislation:

SB 1490 (Durazo, Ch.898, Stats. 2024) *See Comment 2.*

AB 502 (Lee, Ch. 164, Stats. 2023) *See Comment 2.*

AB 286 (Gonzalez, Ch. 513, Stats. 2021) *See* Comment 2.

AB 2149 (Gonzalez, Ch. 125, Stats. 2020) *See* Executive Summary.

AB 3336 (Carrillo, Ch. 105, Stats. 2020) required ready-to-eat food delivered by third-party food delivery services to be transported in a manner that protects the food from contamination and spoilage, including by requiring the interior floor, sides, and top of the food holding area to be clean, requiring the food to be maintained at a holding temperature necessary to prevent spoilage, and by requiring bags or containers to be closed with a tamper-evident method prior to the food deliverer taking possession of the ready-to-eat food.

AB 1360 (Ting, 2019) would have established requirements on food delivery platforms that deliver food to consumers from a grocery establishment, a retail store with a grocery department, or a grocery warehouse, including requiring that a food delivery driver has specified training, and that the food delivery platform maintains liability insurance. The bill died on the Senate floor.

**PRIOR VOTES:**

Assembly Floor (Ayes 63, Noes 2)

Assembly Privacy and Consumer Protection Committee (Ayes 14, Noes 0)

\*\*\*\*\*