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THIRD READING

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Bill No: AB 578  
Author: Bauer-Kahan (D)  
Amended: 7/3/25 in Senate  
Vote: 21

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SENATE JUDICIARY COMMITTEE: 11-0, 7/1/25

AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab,  
Weber Pierson, Wiener

NO VOTE RECORDED: Niello, Valladares

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 7-1, 7/14/25

AYES: Ashby, Archuleta, Grayson, Menjivar, Smallwood-Cuevas, Umberg,  
Weber Pierson

NOES: Strickland

NO VOTE RECORDED: Choi, Arreguín, Niello

ASSEMBLY FLOOR: 63-2, 5/19/25 - See last page for vote

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**SUBJECT:** Food delivery platforms: customer service

**SOURCE:** Author

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**DIGEST:** This bill strengthens the Fair Food Delivery Act (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.

**ANALYSIS:**

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. (Business 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
- d) Any tip or gratuity payable to the delivery driver or food facility. (§ 22599.1(b).)

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

- 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, unless the platform determines that the customer was responsible for the nondelivery or finds evidence indicating the refund request may be fraudulent. 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 an order that is only partially fulfilled, to do the following:
  - a) Charge the customer only for the portion of the order the customer received. Any taxes, fees, or gratuities directly associated with the undelivered items shall be adjusted to reflect the reduced 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.
- 6) Clarifies that it does not prohibit a food delivery platform from removing a customer from the platform if the platform has a reasonable suspicion that the customer has committed or is committing fraud.

## **Background**

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, Chapter 125, Statutes of 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. This 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. This bill is author-sponsored and supported by the California Federation of Labor Unions and Uber. It is opposed by various business and tech organizations.

## Comment

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.

*Strengthening the protections of the Fair Food Delivery Act.* Despite existing laws, concerns within the industry regarding anti-competitive practices, and opaque and manipulative fees continue to be expressed and litigated. Los Angeles 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>2</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

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<sup>2</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/>.

consumers the full cost of delivery, honestly advertising pay for drivers, and listing restaurants on its platform only with their consent.<sup>3</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>4</sup>

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

First, this 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, this 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, this bill provides stronger protections for consumers when their orders are not delivered, the wrong order is delivered, or only partially delivered. Finally, to ensure consumers are able to voice issues and report incidents effectively, this bill requires food delivery platforms to provide a feature that allows a customer to

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<sup>3</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>4</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>.

contact a natural person, allowing for the platforms to utilize an automated system to first attempt to triage the issue.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: No Local: No

**SUPPORT:** (Verified 7/16/25)

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

**OPPOSITION:** (Verified 7/16/25)

Cal Asian Chamber of Commerce  
Grubhub  
Chamber of Progress

**ARGUMENTS IN SUPPORT:** The California Low-Income Consumer Coalition writes:

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.

**ARGUMENTS IN OPPOSITION:** The Cal Asia Chamber of Commerce  
Writes:

We are particularly concerned that AB 578 would impose rigid requirements that fail to account for the operational realities of food delivery platforms. The “natural person” customer service requirements would force platforms to develop new systems and shift resources to comply, potentially increasing customer service wait times. Meanwhile, the bill's mandate for full refunds on partial orders regardless of circumstances could lead to abuse and create unnecessarily complex prorating requirements for taxes, commissions, and fees.

**ASSEMBLY FLOOR:** 63-2, 5/19/25

**AYES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

**NOES:** DeMaio, Macedo

**NO VOTE RECORDED:** Bains, Castillo, Dixon, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Lackey, Papan, Patterson, Sanchez, Soria, Tangipa

Prepared by: Christian Kurpiewski / JUD. / (916) 651-4113  
7/16/25 16:22:42

\*\*\*\* **END** \*\*\*\*