

SENATE BILL NO. 320—SENATOR NEAL

MARCH 22, 2021

Referred to Committee on Commerce and Labor

SUMMARY—Enacts various provisions relating to food delivery service platforms. (BDR 52-591)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to trade practices; prohibiting a food delivery service platform provider from engaging in certain activities; requiring a food delivery service platform provider to remove a food dispensing establishment from the food delivery service platform of the provider upon request; requiring a food delivery service platform provider to make certain disclosures concerning online food orders; prohibiting a food delivery service platform provider from charging a food dispensing establishment any commission over a certain amount during any period in which a declaration of emergency is in effect in certain counties in this State if certain conditions apply; establishing certain practices as deceptive trade practices; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 This bill enacts various provisions relating to a food delivery service platform,
2 which is defined in **section 4** of this bill to mean an Internet website, online service
3 or mobile application which allows users to purchase food from multiple food
4 dispensing establishments and arrange for the same-day delivery or same-day
5 pickup of such food. **Section 4** further provides that an Internet website, online
6 service or mobile application which does not post certain information and does not
7 charge a commission or other fees is not a food delivery service platform. **Section 5**
8 of this bill defines "food delivery service platform provider" as a person who
9 operates a food delivery service platform.



* S B 3 2 0 R 2 *

Section 12 of this bill prohibits a food delivery service platform provider from facilitating an online food order involving a food dispensing establishment unless the provider has entered into a written agreement with the food dispensing establishment that expressly authorizes the provider to engage in such activities.

Section 13 of this bill requires a food delivery service platform provider to remove a food dispensing establishment from the food delivery service platform of the provider within 48 hours after the receipt of a written request from the food dispensing establishment. **Section 13** provides that a food delivery service platform provider that violates that requirement is subject to a civil penalty of \$500 per day of the violation.

Section 14 of this bill prohibits a food delivery service platform provider from using the likeness, registered trademark or intellectual property of a food dispensing establishment without first obtaining the written consent of the food dispensing establishment. **Section 14** provides that a food delivery service platform provider that violates that prohibition is subject to a civil penalty of \$500 per day of the violation. **Section 15** of this bill authorizes a food dispensing establishment whose likeness, registered trademark or intellectual property was used by a food delivery service platform provider in violation of **section 14** to bring an action against the provider.

Section 16 of this bill requires a food delivery service platform provider to disclose certain information to a user of the platform who engages in an online food order. Among the information required to be disclosed by **section 16** is a statement that indicates a commission is to be paid associated with the online food order.

Section 3 of this bill defines "commission," in general, to mean any fee charged by a food delivery service platform provider to a food dispensing establishment for the use of the services of the provider in effectuating online food orders. **Section 17** of this bill sets forth the procedures by which a food delivery service platform provider may request an alternative manner in which all required information may be disclosed.

Section 17.5 of this bill prohibits, for any period during which a declaration of emergency is in effect in a county in this State and social distancing requirements and occupancy limitations on the capacity of food dispensing establishments apply, a food delivery service platform provider from charging a food dispensing establishment any commission for an online food order that exceeds a certain amount. **Section 17.5** provides that this prohibition does not supersede or preempt an ordinance enacted in a county in this State that places limits on the maximum commission that a food delivery service platform provider may charge a food dispensing establishment if the ordinance was in effect on or before April 30, 2021.

Existing law defines various activities involving businesses and occupations that constitute deceptive trade practices. (NRS 598.0915-598.0925) If a person knowingly engages in a deceptive trade practice, the person may be subject to restraint by injunction and the imposition of civil and criminal penalties. (NRS 598.0979, 598.0985, 598.0999) **Section 18** of this bill provides that a violation of the provisions of **section 16, 17 or 17.5** of this bill constitutes a deceptive trade practice.

Sections 3-11 of this bill define words and terms for the purposes of this bill.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 597 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 18, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 18, inclusive, of this act,*
5 *unless the context otherwise requires, the words and terms defined*
6 *in sections 3 to 11, inclusive, of this act have the meanings*
7 *ascribed to them in those sections.*

8 **Sec. 3. 1.** *“Commission” means any fee or other payment*
9 *of money that is charged by a food delivery service platform*
10 *provider to a food dispensing establishment for the use of the*
11 *services of the food delivery service platform provider in*
12 *effectuating online food orders.*

13 2. *The term includes, without limitation, any annual fee*
14 *charged to a food dispensing establishment for the use of the*
15 *services described in subsection 1.*

16 3. *The term does include any fee that is charged by a food*
17 *delivery service platform provider for services provided as a*
18 *general or indirect cost of doing business, including, without*
19 *limitation, fees for the processing of credit cards or for advertising*
20 *in a restaurant directory.*

21 **Sec. 4. 1.** *“Food delivery service platform” means an*
22 *Internet website, online service or mobile application which allows*
23 *users to purchase food from multiple food dispensing*
24 *establishments and arrange for the same-day delivery or same-day*
25 *pickup of such food.*

26 2. *The term does not include an Internet website, online*
27 *service or mobile application which does not:*

28 (a) *Post the menu of, the amounts charged by or the likeness,*
29 *registered trademark or intellectual property of a food dispensing*
30 *establishment; and*

31 (b) *Charge a commission or other payment of money to a food*
32 *dispensing establishment in effectuating online food orders.*

33 **Sec. 5.** *“Food delivery service platform provider” means a*
34 *person who operates a food delivery service platform.*

35 **Sec. 6. 1.** *“Food dispensing establishment” means a food*
36 *establishment that prepares and serves food intended for*
37 *immediate consumption. The term includes, without limitation, a*
38 *restaurant. The term does not include a convenience store or a*
39 *grocery store.*

40 2. *As used in this section:*

41 (a) *“Convenience store” has the meaning ascribed to it in*
42 *NRS 597.225.*



(b) “Food establishment” has the meaning ascribed to it in NRS 446.020.

(c) “Grocery store” has the meaning ascribed to it in NRS 597.225.

Sec. 7. “Food purchase price” means the portion of the total online food order price that is attributable to the amount charged by the food dispensing establishment for the food.

Sec. 8. “Likeness” means any identifiable symbol attributed and easily identified as belonging to a specific food dispensing establishment.

Sec. 9. “Online food order” means a transaction in which a user, through a food delivery service platform, purchases food from a food dispensing establishment and arranges for the same-day delivery or same-day pickup of such food.

Sec. 10. “Total online food order price” means the total amount paid or to be paid by a user as a result of an online food order.

Sec. 11. “User” means a person who uses a food delivery service platform to engage in an online food order.

Sec. 12. A food delivery service platform provider shall not facilitate an online food order involving a food dispensing establishment, including, without limitation, arranging for the same-day delivery or same-day pickup of food prepared by a food dispensing establishment, unless the food delivery service platform provider has entered into a written agreement with the food dispensing establishment that expressly authorizes the food delivery service platform provider to engage in such activities.

Sec. 13. 1. A food dispensing establishment may, at any time, submit a written request to a food delivery service platform provider directing the provider to remove the food dispensing establishment from the food delivery service platform. If the food delivery service platform has appointed a registered agent located in this State, the request must be submitted to the registered agent.

2. A food delivery service platform provider that receives a request submitted pursuant to subsection 1 shall confirm receipt of the request and remove the food dispensing establishment from the food delivery service platform within 48 hours after receipt of the request.

3. A food delivery service platform provider who violates the provisions of subsection 2 is subject to a civil penalty of \$500 per day of the violation, and each day’s continuance of the violation constitutes a separate and distinct violation.

Sec. 14. 1. A food delivery service platform provider shall not use the likeness, registered trademark or intellectual property of a food dispensing establishment unless the food delivery service



platform provider first obtains the written consent of the food dispensing establishment.

2. A food delivery service platform provider who violates the provisions of subsection 1 is subject to a civil penalty of \$500 per day of the violation, and each day's continuance of the violation constitutes a separate and distinct violation.

Sec. 15. 1. A food dispensing establishment whose likeness, registered trademark or intellectual property was used by a food delivery service platform provider in violation of section 14 of this act may bring an action against the food delivery service platform provider in any court of competent jurisdiction and may recover the sum of \$5,000 or the amount of actual damages sustained, whichever is greater.

2. If the food dispensing establishment prevails in the action, the court may award such punitive damages and equitable relief as the court determines to be proper.

Sec. 16. 1. Before an online food order is consummated with a user, the food delivery service platform provider must disclose to the user the following information in plain language and in a conspicuous manner:

(a) The total online food order price;

(b) Each portion of the total online food order price that is attributable to:

(1) The food purchase price;

(2) Any sales tax or other tax;

(3) Any delivery fee or service fee charged to the user by the food delivery service platform provider or food dispensing establishment; and

(4) Any gratuity to be paid to the person who delivers the food; and

(c) A statement that indicates that a commission is to be paid by the food dispensing establishment in connection with the online food order.

2. If, after the consummation of an online food order, the user is provided with a receipt for the online food order, the information required to be disclosed pursuant to paragraphs (a) and (b) of subsection 1 must be set forth on the receipt in plain language and in a conspicuous manner.

Sec. 17. If a food delivery service platform provider determines that it is not feasible to disclose the information required pursuant to section 16 of this act in the manner provided in that section, the provider may submit a request to the Commissioner of Consumer Affairs to disclose the information in an alternative manner. Such a request must include, without limitation, a proposal for an alternative manner in which to



1 *disclose the information required pursuant to section 16 of this act*
2 *and any other information the Commissioner deems necessary. If*
3 *the Commissioner approves the request, the food delivery service*
4 *platform provider may disclose the information required pursuant*
5 *to section 16 of this act in the manner set forth in the approved*
6 *request.*

7 **Sec. 17.5.** 1. *During any period in which a declaration of*
8 *emergency is in effect in a county in this State and social*
9 *distancing requirements and occupancy limitations on the*
10 *capacity of food dispensing establishments apply to that county, a*
11 *food delivery service platform provider shall not charge a food*
12 *dispensing establishment in that county a commission for an*
13 *online food order that exceeds 15 percent of the food purchase*
14 *price of the online food order, plus a credit card processing fee, if*
15 *any. A food dispensing establishment in such a county may agree*
16 *in writing to pay a food delivery service platform provider a*
17 *commission that exceeds the limit established in this subsection to*
18 *obtain optional products or services, including, without limitation,*
19 *advertising, marketing or access to customer subscription*
20 *programs.*

21 2. *A food delivery service platform provider shall not reduce*
22 *the compensation rates paid to any person who delivers food for*
23 *the provider or garnish the gratuities of such a person as a result*
24 *of this section.*

25 3. *The provisions of this section do not supersede or preempt*
26 *an ordinance enacted by a governing body of a county in this State*
27 *that places limits on the maximum commission that a food delivery*
28 *service platform provider may charge a food dispensing*
29 *establishment if such an ordinance was in effect on or before*
30 *April 30, 2021.*

31 4. *As used in this section, “governing body” means the board*
32 *of county commissioners or, in the case of Carson City, the Board*
33 *of Supervisors.*

34 **Sec. 18.** *A person who knowingly violates section 16, 17 or*
35 *17.5 of this act is deemed to have committed a deceptive trade*
36 *practice for the purposes of NRS 598.0903 to 598.0999, inclusive.*

37 **Sec. 19.** (Deleted by amendment.)

38 **Sec. 20.** This act becomes effective upon passage and
39 approval.

