

TO: Seattle City Council Member Herbold

FROM: Jan Gee, President & CEO

DATE: May 26, 2020

RE: **Opposition to Council Bill 119799 – Delivery Surcharge on Groceries**

There are many public health and safety reasons for the Seattle City Council not to support a fee/surcharge on home delivery of groceries. Still, the legal prohibition on this action is probably first and foremost issue to consider. Washington State citizens voted in strong favor of Initiative 1634 in 2018, which prohibits local governments from placing any tax, fee, or other assessment on groceries. Sec. 3 (2) defines groceries very broadly as well as Sec. 3 (5) defines tax, fees, and other assessments very broadly, which in our opinion prohibits the City of Seattle from implementing the proposed \$5 surcharge on any delivery that includes groceries. As the primary sponsor of this initiative, we believe the proposed Council Bill 119799 is illegal and contrary to the public health goals of our grocery industry and state.

Setting aside the legal ramifications, we also write to express our opposition to Council Bill 119799 for public health and safety reasons. The Bill will increase the price of essential food and pharmaceuticals for residents of Seattle. Our industry has encouraged online shopping, home delivery, and curbside pick-up to reduce public exposure – especially for customers who may have a pre-existing condition or are older than 60 years of age. Adding a \$5.00 surcharge onto the off-site delivery of essential products is contrary to our industry efforts to protect public safety and that of the state Department of Health and Labor & Industries to reduce exposure.

Just as concerning, the fee disproportionately impacts those on fixed incomes, already struggling financially through this difficult time. USDA FNS will not pay for the SNAP (food stamps) delivery fee – the customer must pay it. The \$5 surcharge would, in effect, create a new fee/assessment on food during a time when vulnerable populations need remote access the most.

The ordinance will place at least a \$5 surcharge for each online order for delivery services, including groceries, provided by gig workers if the delivery involves a work-related stop in Seattle and at least \$5 for each drop-off point in Seattle associated with the online order. This action especially hurts the customers of independent grocers who are not large enough to have their own fleet of trucks and drivers to deliver to Seattle citizens. I don't have to remind the

Council about the wonderfully diverse independent grocery industry in Seattle that is among our favorite places to shop.

We are asking that you exempt the essential services of grocery and pharmacy delivery services from this surcharge for both legal and public health reasons. A red-lined copy of the proposed legislation with the changes we are requesting is attached.

We respect your thoughtful and well-intentioned desire to provide added security for shopping and delivery workers. However, we believe that the legal ramifications and burden on vulnerable consumers is a consideration not addressed by the current drafting of the ordinance and would result in many unintended consequences.

As a result, we request the attached amendments to your proposal to remove grocery and pharmacy deliveries from your proposed legislation.