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BRIEF SERIES

FTC SURCHARGE BAN

STOP THE FTC'S BAN ON RESTAURANT SURCHARGES

✓ The FTC's proposed rule targets so-called "junk fees" throughout the economy, but **LONG-STANDING RESTAURANT FEES AND SURCHARGES AREN'T "JUNK FEES."**

The Federal Trade Commission (FTC) is proposing a rule on so-called "junk fees" that is so expansive it would ban widely accepted restaurant fees, such as delivery and large-party service fees.

In targeting so-called "junk fees" that are prevalent in other industries, **the FTC wrongly includes common, well-understood restaurant surcharges and fees.**

PROPOSAL WOULD UPEND ESTABLISHED RESTAURANT BUSINESS PRACTICES

If the proposed rule is adopted as written, it will cause chaos for restaurant operators, employees, and customers. **Operators will have to significantly raise prices, rewrite how servers are paid, and reconsider services like meal delivery.**

It would also force operators to create multiple menus with different pricing, depending on how a customer pays, whether they're dining in or ordering delivery, and even how many people they're dining with.

THE HIGH COST OF COMPLIANCE

The FTC estimates this rule will cost operators up to \$3.5 billion to implement. That's approximately \$4,818.27 per operator just to update menus. For small, independent operators who run on a 3-5% margin and make an average of \$45,000 annually, **that's approximately 10% of their total income to comply with the FTC's proposed rule.**

The FTC's proposal doesn't reflect the realities of the restaurant industry. It will be unworkable and unaffordable for most operators.

The restaurant industry is made of small businesses. More than 9 in 10 restaurants have less than 50 employees and more than 7 in 10 operators operate only a single restaurant.

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STOP THE FTC'S BAN ON RESTAURANT SURCHARGES

POLICYMAKERS MUST WEIGH-IN ON THE PROPOSED RULE

The Association and Restaurant Law Center recently submitted comments, **urging the FTC to exclude the restaurant industry from its final rule or permit restaurants to utilize service fees, credit card surcharges, and delivery fees that are well-defined, well-established, and provide greater value for consumers.**

While the comment deadline closed in February, Members of Congress and their staff still have the power to reach out to the FTC before the agency issues a final rule, likely in late 2024.

The restaurant industry urges Members of Congress and their staff to tell the FTC they're concerned about how this proposed rule would negatively impact the restaurant industry.

