

PROHIBITION ON SEPARATE CHARGES IN CUSTOMER BILLS BY FOOD BUSINESSES

The Way It Is Now

City law does not specifically require restaurants, bars, or other businesses that prepare and serve food (food businesses) to include in their prices all of the fees or charges that they require customers to pay. Some food businesses instead show their mandatory fees and charges as separate items on the customer bill.

Beginning on July 1, 2024, a new state law will prohibit food businesses from advertising, displaying, or offering a price for a good or service that does not include the businesses' mandatory fees or charges. Limited exceptions from this prohibition include any fees or charges the government imposes on the sale of the good or service, such as sales tax.

The City has an Office of Economic and Workforce Development that supports San Francisco's businesses and workers.

The Proposal

The proposed measure would change City law to prohibit any food business from advertising, displaying, or offering a price for a good or service that excludes the business's mandatory fees or charges. The proposed measure would not require the posted price to include government fees or taxes, such as sales taxes, or delivery fees that are clearly disclosed during the ordering process. The proposed measure also would not require the posted price to include service charges when those charges:

- take the place of a tip by the customer;
- are clearly disclosed by the food business to the customer before ordering;
- are completely distributed by the food business to its employees who performed services for the customers who paid the charges; and
- do not total more than 20% of the final bill.

The proposed measure would allow the Director of the Office of Economic and Workforce Development to issue citations for any violation of this law and to impose penalties on food businesses of up to \$1,000 per violation.