FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.					
BILL #: <u>CS/HB 543</u>	COM	COMPANION BILL: <u>CS/SB 940</u> (McClain)			
TITLE: Third-party Reservation Platforms	LIN	LINKED BILLS: None			
SPONSOR(S): Oliver	REL	RELATED BILLS: None			
Committee References					
Industries & Professional Activities		<u>Commerce</u>			
17 Y, 0 N, As CS		24 Y, 0 N			

SUMMARY

Effect of the Bill:

The bill prohibits third-party restaurant reservation platforms in the state. The bill defines a "third-party reservation platform" as any website, mobile application, or internet service that offers reservations at public food service establishments without a contractual relationship with the establishment. The bill provides an exception for certain third-party reservation platforms that arrange for reservations at food service establishments in certain conditions at no cost to the customer. The bill prohibits these platforms from listing, advertising, promoting, or selling reservations for on-premises service at public food service establishments. The bill authorizes the Department of Business and Professional Regulation (DBPR), Division of Hotels and Restaurants (Division) to impose civil penalties of up to \$1,000 per violation, that may accrue daily.

Fiscal or Economic Impact:

The bill may have an indeterminate fiscal impact on state funds.

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EFFECT OF THE BILL:

The bill prohibits <u>third-party reservation platforms</u>, as follows:

- Names the act, the "Restaurant Reservation Anti-Piracy Act." (Section 1)
- Defines "third-party reservation platform" as a website, mobile application, or other Internet service that satisfies all of the following:
 - Offers or arranges for a reservation at a <u>public food service establishment</u> for on-premises service.
 - Is owned and operated by a person other than the owner of the public food service establishment.
 - Does not have a contractual relationship or agreement with the public food service establishment, or its contractual designee, to offer or arrange for a reservation at the public food service establishment for on-premises service.
- Clarifies that a third-party reservation platform does not include a contractual designee of an individual customer which arranges for a personal and nontransferrable reservation at a food service establishment at the request of the customer and at no cost to the customer, provided that the designee:
 - Shares the individual customer's contact information with the food service establishment;
 - o Allows the food service establishment to confirm the reservation with the individual customer; and
 - Honors requests from the food service establishment to opt out of future reservations created by the designee. (Section <u>2</u>)
- Prohibits a <u>reservation</u> at a public food service establishment from being listed, advertised, promoted, facilited, sold, or otherwise enabled through a third-party reservation platform.
- Authorizes the <u>Division</u> to impose a civil penalty to \$1,000 for each violation, and specifies that violations accrue on a daily basis. (Section <u>2</u>)

The effective date of the bill is July 1, 2025. (Section <u>3</u>)

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

Indeterminate. The bill may have an indeterminate fiscal impact on state funds. The bill authorizes the Division to impose civil penalties, which accrue on a daily basis. It is unknown how many violations will occur.

PRIVATE SECTOR:

Indeterminate. The bill may have a positive economic impact on restaurant owners and service workers to the extent that it reduces the number of empty tables that are associated with unauthorized third-party restaurant reservations.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Division of Hotels and Restaurants

The Division¹ is responsible² for administering and enforcing laws relating to the licensing, inspection, and regulation of public food service establishments for the purpose of protecting the public health, safety and welfare.³

Public Food Service Establishments

A "public food service establishment" is defined as any building, vehicle, place, or structure, or any room or division in a building, vehicle, place, or structure where food is prepared, served, or sold for immediate consumption on or in the vicinity of the premises; called for or taken out by customers; or prepared prior to being delivered to another location for consumption.⁴

There are several exclusions from the definition of the term, including:⁵

- Any place maintained and operated by a public or private school, college, or university for the use of students and faculty, or temporarily to serve events such as fairs, carnivals, and athletic contests;
- Any eating place maintained and operated by a church or religious, nonprofit fraternal, or nonprofit civic organization for the use of members and associates or temporarily to serve events such as fairs, carnivals, or athletic contests;
- Any eating place located on an airplane, train, bus, or watercraft that is a common carrier;
- Any eating place maintained by a facility certified or licensed and regulated by the Agency for Health Care Administration or the Department of Children and Families;
- Any place of business issued a permit or inspected by the Department of Agriculture and Consumer Services;
- Any vending machine that dispenses any food or beverage other than potentially hazardous food;
- Any place of business serving only ice, beverages, popcorn, and prepackaged items; and
- Any research and development test kitchen limited to use by employees and not open to the general public.

The regulation of public food service establishments is preempted to the state.⁶

Third-Party Reservation Platforms

¹ Florida Department of Business & Professional Regulation, *Division of Hotels and Restaurants*,

https://www2.myfloridalicense.com/hotels-restaurants/ (last visited March 8, 2025).

² See <u>s. 509.032, F.S.</u>

³ S. <u>509.032(1), F.S.</u>

⁴ S. <u>509.013(5)(a), F.S.</u>

⁵ S. <u>509.013(5)(b), F.S.</u>

⁶ S. <u>509.032(7), F.S.</u>

Third-party reservation platforms are not currently regulated by the State of Florida. According to reports, scalping <u>reservations</u> has historically been an issue within the restaurant industry; however, recently, third-party websites and bots⁷ have made the problem much worse. In many cases, the reservations do not sell and thus, become a no-show, which means the table stays empty, the restaurant loses money, and the service workers lose out on their tips. In addition, such reservations can be made with fake names, which can cause confusion for the businesses.⁸

New York State

Recently, the State of New York passed a bill that prohibits third-party restaurant reservation services from arranging unauthorized restaurant reservations with food service establishments. The law, which became effective February 17, 2025, prohibited listing or selling reservations on a website or mobile application by persons who do not have a written agreement with the restaurant to include its reservations, and established civil penalties of up to \$1,000 per violation per day.⁹

BILL HISTORY							
COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY			
Industries & Professional Activities Subcommittee	17 Y, 0 N, As CS	3/12/2025	Anstead	Thompson			
THE CHANGES ADOPTED BY THE COMMITTEE:	 Clarified the definition of "third-party reservation platform." Provided an exception from the prohibition for certain third-party reservation platforms. Clarified the prohibition and violation provisions. 						
Commerce Committee	24 Y, 0 N	4/15/2025	Hamon	Thompson			

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

⁷ Cambridge Online Dictionary defines a "bot" as "a computer program that works automatically, especially one that searches for and finds information on the internet: Criminals create networks of bots that roam the internet infecting PCs with malware."

⁸ Gothamist, *New York law aims to kill 'black market' for restaurant reservations*, <u>https://gothamist.com/news/new-york-law-aims-to-kill-black-market-for-restaurant-reservations</u> (last visited March 8, 2025).

⁹ NY Assembly Bill A10215A (2024).