



## **Food Truck Nation: A New Study Looks at How Overregulation Holds Back Food Freedom**

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Food trucks have swept the nation over the past decade, attracting no shortage of attention from consumers, popular culture (such as Jon Favreau’s film *Chef*), and, alas, zealous local regulators. The owners of the trucks have embraced technology, connecting directly with their customer bases over social media and proving responsive to local tastes. Yesterday a new study, *Food Truck Nation*, was released by the U.S. Chamber of Commerce Foundation. The product of a year’s work, it follows the model of the World Bank’s Doing Business indicators (which look at global economic freedom) and applies it to food trucks in jurisdictions across the United States. The study focuses in on three regulatory components: obtaining permits and licenses, complying with restrictions, and operating a food truck. Portland and Denver ranked highest for ease of doing business, with Boston at the bottom of the list.

As ground-up innovators in the industry, trucks have brought a range of food options where they were hard to find before, and demand is strong, driving a boom. The number of food trucks has been growing quickly, at a 7.9 percent rate from 2011 to 2016, and their revenues have grown at an even higher rate, rising from \$650 million in 2012 to a projected \$2.7 billion in 2017. This growth, though, is expected to slow to 0.4 percent over the next few years, largely due to the barriers to entry that food-truck owners face. The high cost of entry means that many people cannot take this first step into the food business, even if they are otherwise qualified and ready to work.

Carolyn Cawley, the president of the U.S. Chamber of Commerce Foundation, points out that despite the popularity of trucks, there is little awareness of how costly it is to start one. She tells *National Review*, “What we found was an unbelievable amount of nonsensical regulation and make-work that is an impediment for someone with not a lot of money,” citing examples such as the requirement in some jurisdictions that cashiers pay fees and be licensed to engage in cooking tasks.

The average cost of starting a food truck includes \$28,276 in permits, fees, and compliance, and 45 government-mandated procedures that take an average of 37 days to complete. These requirements are often duplicative, with multiple local-government offices demanding versions of the same documents. Sometimes it is not clear exactly which permits need to be taken out, as many jurisdictions do a poor job of laying out the requirements. Moreover, because the overall cost is the sum of countless smaller regulations that have been grandfathered in from earlier types of businesses, cities and states are often unaware of the burdens they are imposing.

It's worth emphasizing that these procedures are not simple health-and-safety matters, which are necessary. In Boston, for instance, truck owners must not only pledge to stay at least 100 feet away from competition, but they must purchase and install (from a particular, city-preferred firm) a GPS tracker for about \$400, pay the monthly data charge for it, and submit to having their movements monitored. In Chicago, if a food truck is within 200 feet of a brick-and-mortar competitor (which includes even vending machines), the owner faces a fine of up to \$2,000.

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There is no way that these restrictions are anything but naked cronyism for incumbent businesses, whose owners do not want to deal with the competition. But since even with the high cost of entry, food trucks are still a less costly business to get into than opening a restaurant, this often works out as favoritism for the established, and discrimination against the less well-off and connected.

As the report states:

Food truck owners are a diverse crowd of rich and poor and represent all races and genders. In Chicago, roughly 80% of local food trucks are minority-owned small businesses. Owning and operating a food truck does not necessarily require an expensive degree, family connections, or English language skills.

Worst of all, these requirements tend to be *per truck*. If your full-time job is to run your first food truck, going through over 30 days of bureaucracy in order to add a second can serve as an insurmountable opportunity cost (atop the cost of the fees themselves). Such restrictions are exactly the sort of regressive regulations that then-Cato Institute vice president Brink Lindsey called "low-hanging fruit guarded by dragons" in a recent white paper; they stifle growth by throwing up barriers to competition and creating artificial scarcity in land and labor, which redistribute income up the scale.

"Whether you want to be in and haven't been able to, or if you're in and want to grow, we want it to be easier for you, not harder," says Cawley. With its study, the Chamber of Commerce hopes to help food-truck owners advocate for themselves, enabling them to come to their local governments not simply with complaints but with examples of how other jurisdictions have successfully lessened the load. It is in the interests of all cities to foster businesses, and to develop thriving food scenes that draw in visitors.

There's something quintessentially American about the way food trucks rose up and presented a challenge to local restaurants by providing what is often a better product at a lower price. They follow in the footsteps of the Chili Queens of turn-of-the-century Texas — small-business owners who sold food from mini-restaurants in town plazas . . . and who were subsequently pushed out by regulations. Food trucks are by no means the only area of the economy affected by occupational licensing, zoning, and barriers to entry, but there is something universal about food that makes it that much more relatable. Rather than attempt to constrain those who are pushing the boundaries, we ought to celebrate and encourage their dynamism.