

SB 1565 A STAFF MEASURE SUMMARY

Carrier: Sen. Prozanski

Senate Committee On Labor and Business**Action Date:** 02/10/22**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 5-0-0-0**Yeas:** 5 - Hansell, Jama, Knopp, Lieber, Taylor**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Wenzel Cummings, LPRO Analyst**Meeting Dates:** 2/8, 2/10**WHAT THE MEASURE DOES:**

Provides that a place of public accommodation that refuses to accept United States coin and currency as payment for goods and services engages in an unlawful practice. Provides that a place of public accommodation that makes a distinction, discrimination, or restriction because a patron offers United States coin or currency as payment for goods and services engages in an unlawful practice. Permits a place of public accommodation to refuse to accept as payment for goods and services coins in an amount equal to or greater than \$100 or currency in denominations of \$50 or \$100. Makes specified exceptions, including farmers' markets and roadside stands; transactions occurring on aircraft; transactions involving transient lodging or transportation; internet-based transactions; the purchase of diesel fuel or Class 1 flammable liquids at a filling station, service station, garage, or other dispensary where diesel fuel or Class 1 flammable liquids are sold at retail during the hours in which the location is unattended or attended by only one person to dispense the fuel or liquids; and on-street and off-street parking pay stations that do not accept currency, provided that the pay station accepts coins as one method of payment. Permits a place of public accommodation to require patrons to use a payment system that converts cash into a cashless payment instrument, such as tokens, cards, or wristbands so long as no transaction fee for the conversion is required. Provides a process by which a complaint may be filed with the Commissioner of the Bureau of Labor and Industries for refusal to accept United States coin and currency. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Need for the use of cash for goods and services
- Applicability of the measure on cell phone apps
- History of unfair business practices against those who try to use cash for business transactions
- Percentage of unbanked households in the state
- Reasons why businesses prefer cashless transactions

EFFECT OF AMENDMENT:

Removes the exception that allows for the purchase of Class 1 flammable liquids and replaces the exception to allow for the purchase of diesel fuel or Class 1 flammable liquids at a filling station, service station, garage, or other dispensary where diesel fuel or Class 1 flammable liquids are sold at retail during the hours in which the location is unattended or attended by only one person to dispense the fuel or liquids. Includes within the exceptions on-street and off-street parking pay stations that do not accept currency, provided that the pay station accepts coins as one method of payment.

BACKGROUND:

According to the Federal Deposit Insurance Corporation, in 2017, 6.5 percent of 8.4 million households in the U.S. did not have a bank-issued debit or credit card. The Federal Reserve Bank of San Francisco reports that small- and medium-sized businesses are increasingly going cashless, but that the growing cashless economy effectively

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denies service to the nearly 19 percent of Americans who rely heavily on cash transactions.

According to the most recent Diary of Consumer Payment Choice published by the Federal Reserve, the use of cash dropped to 19 percent of all payments in 2020, down seven percentage points from 2019. Consumers increased their online and not-in-person transactions, usually through mobile phones, which reduced the opportunity to use cash. The study also found that the average value of cash in a consumer's pocket increased by \$20 from 2019 to \$74. In 2020, consumers reduced the number of small-value cash payments by more than 40 percent compared to 2019. Additionally, 72 percent of consumers made in-person payments, down from 91 percent in 2019. These changes are viewed largely to be attributable to the impact on consumer spending caused by the COVID-19 pandemic.

Senate Bill 1565 A requires any place offering goods or services to the public to accept cash payments for up to \$100. The measure establishes exemptions for certain transactions including farmers' markets, internet purchases, and gas stations, and allows for enforcement by complaint to the Bureau of Labor and Industries.