

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Commerce and Tourism

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BILL: SB 106

INTRODUCER: Senator Jones

SUBJECT: Acceptance of Cash Payments by Businesses

DATE: December 4, 2023

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Baird</u>	<u>McKay</u>	<u>CM</u>	<b>Favorable</b>
2.	_____	_____	<u>AEG</u>	_____
3.	_____	_____	<u>FP</u>	_____

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**I. Summary:**

SB 106 requires certain businesses to accept an offer of payment in cash, defined as the coin and currency of the United States. The bill also prohibits businesses from charging a fee or placing a condition on its acceptance of cash, and gives rulemaking and enforcement authority to the Department of Agriculture and Consumer Services (DACCS). Violations of the bill will be subject to civil fines.

**II. Present Situation:**

There is no federal law that requires a private business to accept cash payments. States are within their rights to create laws regulating how businesses accept or reject payments.<sup>1</sup>

Currently, Florida has no law dictating whether a business must accept a cash payment or not. Some businesses in the state do not offer consumers the option of paying cash for transactions involving the purchase of goods and services.

With 85 percent of Americans having a smartphone, more purchases get made digitally than ever before.<sup>2</sup> Exacerbating the situation, the Covid-19 pandemic forced many businesses around the country to alter their business models to facilitate contactless purchases, where customers could order goods online and then have them picked up or delivered. This has all contributed to a decline in the use of cash.

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<sup>1</sup> Board of Governors, Federal Reserve System, *Is It Legal for a Business in the United States to Refuse Cash as a Form of Payment?*, Fed. Reserve.gov, available at [https://www.federalreserve.gov/faqs/currency\\_12772.htm](https://www.federalreserve.gov/faqs/currency_12772.htm), (last visited December 4, 2023).

<sup>2</sup> Pew Research Center, *2022: Internet, smartphone and social media use*, (December 6, 2022), available at <https://www.pewresearch.org/global/2022/12/06/internet-smartphone-and-social-media-use-in-advanced-economies-2022/> (last visited December 4, 2023).

## Payment Instruments

Technology has allowed for consumers to make purchases with a variety of different payment instruments. Mobile wallets, which include credit or debit cards that are used through a smartphone, are projected to be used by 60 percent of the world's population by 2025.<sup>3</sup>

Recently, the Federal Reserve conducted a study that found credit card usage was the highest it has ever been.<sup>4</sup> Below is a table representing the percentage share of the various payment instruments used in 2022.<sup>5</sup>

Share of Payment Instrument Use for all Payments in 2022					
Cash	Credit Card	Debit Card	ACH	Mobile Payment App	Other
18%	31%	29%	13%	<1%	9%

However, the Bureau of Consumer Financial Protection estimated that 20 to 30 percent of adults in the United States do not have a credit card.<sup>6</sup> Adults without credit cards mostly rely on cash and debit cards. Consumers that do not have a bank account are more likely to use cash than consumers that do have a bank account.<sup>7</sup>

## Other States

Within the last five years, there has been a trend of states passing legislation that requires businesses to accept cash payments. States that have passed similar acceptance of cash payments legislation include: Arizona, Colorado, Connecticut, Delaware, Idaho, Maine, Massachusetts, Michigan, New Jersey, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island and Tennessee.

The language in these states laws varies, but they share the basic principal that most retail stores are required to accept cash as a form of payment. The states vary in penalties for violating. For instance in Massachusetts, violators of the statute may be fined or even imprisoned up to six months.<sup>8</sup>

<sup>3</sup> Juniper Research, Boku, *Study: More than half of the world's population will use mobile wallets by 2025*, (July 8, 2021), available at <https://www.globenewswire.com/en/news-release/2021/07/08/2259605/0/en/Study-More-than-half-of-the-world-s-population-will-use-mobile-wallets-by-2025.html>, (last visited December 4, 2023).

<sup>4</sup> Cubides, Emily, and Shaun O'Brien. *2023 Findings from the Diary of Consumer Payment Choice*, (May 5, 2023), available at <https://www.frbsf.org/cash/wp-content/uploads/sites/7/2023-Findings-from-the-Diary-of-Consumer-Payment-Choice.pdf> (last visited December 4, 2023).

<sup>5</sup> *Id.* at 6.

<sup>6</sup> This estimate is according to coverage of credit records present in the CCP sample, though this does not include authorized users, who are individuals designated by the primary account holder to use the same credit account. A recent report from the Federal Reserve finds 83 percent of consumers report having at least one credit card. *See* Bd. of Governors of Fed. Rsrv. Sys., *Report on the Economic Well-Being of U.S. Households in 2020*, at 42 (May 2021), available at <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-banking-and-credit.htm>, (last visited December 4, 2023).

<sup>7</sup> Consumers that do not have bank accounts made 66 percent of all payments with cash in 2022. *See*, note 5 *supra*.

<sup>8</sup> Mass. Gen. Laws Ann. Ch. 255D, § 30

## The Department of Agriculture and Consumer Services

The DACS is charged with protecting consumers from unsafe or defective products and deceptive business practices. The Division of Consumer Services (division) within the DACS regulates specific business activities, including commercial weight loss practices, telephone solicitations, dance studios, pawnshops, health studios, sellers of travel, and telemarketers. The division is also responsible for protecting consumers from unfair and unsafe business practices involving products, including petroleum products, brake fluid, antifreeze, lubricating oil, and weighing and measuring devices.

The Office of Agricultural Law Enforcement (OALE) enforces laws governing businesses regulated by the DACS. The OALE protects consumers from unfair and deceptive trade practices, protects Florida's agriculture industry from theft and other crimes, and safeguards the wholesomeness of food and other consumer products.<sup>9</sup> The OALE currently partners with federal, state and local law enforcement agencies.<sup>10</sup>

### III. Effect of Proposed Changes:

SB 106 requires that a business that operates at a fixed permanent physical premises from a vehicle or other mobile space; or from a temporary physical premise; must accept an offer of payment in cash, defined as legal tender of the United States in the form of coins or currency, under the following conditions:

- The purchase is for a tangible good or service;
- The business would accept one or more other forms of payment;
- The customer seeking to engage in the transaction is physically present at the place of business.

The bill will also prohibit a business from charging a fee or placing any other condition on its acceptance of a cash payment.

The requirement that cash must be accepted as a form of payment does not apply in the following circumstances:

- The sale is not conducted in person;
- The business is a parking facility that is owned by a municipality, regardless of who operates the facility, or if the parking facility accepts electronic funds transfers;
- The business provides services by accountants, architects, attorneys, engineers, financial advisors, insurance agents, interior designers, software developers, or management and other, consultants, not including services provided by licensed medical or allied health care practitioners;
- The business suspects the use of counterfeit cash;
- Bills over \$20;
- Single transactions above \$5,000.

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<sup>9</sup> Florida Department of Agriculture and Consumer Services, Office of Agricultural Law Enforcement, *available at* <https://www.fdacs.gov/Divisions-Offices/Agricultural-Law-Enforcement>, (last visited December 4, 2023).

<sup>10</sup> *Id.*

A business that violates the requirement is subject to a civil penalty up to \$2,500 for the first offense, up to \$5,000 for a second offense, and up to \$10,000 for a third or subsequent offense. These violations are to be levied by the DACS based upon rules that the DACS must implement.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Indeterminate. Businesses that have transitioned to cashless operations may incur costs associated with the handling and security of cash.

C. Government Sector Impact:

The DACS has estimated a non-recurring cost of \$121,967 to implement enforcement mechanisms and a recurring cost of \$435,146 annually.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The bill does not clearly define what a “tangible good” or “service” is. Businesses and the DACS may need further clarity to determine if a business is required to accept the payment of cash for certain purchases.

**VIII. Statutes Affected:**

This bill creates section 559.96 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.