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**TO:** Senate Committee on Economic Development, Housing and General Affairs  
**FROM:** Office of Racial Equity  
**DATE:** February 21, 2024  
**RE:** Comments on S.175, An act relating to requiring retail businesses to accept cash,  
As Introduced

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Dear Chair Ram Hinsdale and Members of the Senate Committee on Economic Development, Housing and General Affairs,

Thank you for the opportunity to comment on S.175, An act relating to requiring retail businesses to accept cash. Refusing cash as a form of payment has a disparate negative impact on unbanked, underbanked, and financially insecure people. This disparity is especially prominent for undocumented immigrant communities or recently arrived refugees or asylees who might not yet have established financial options. Refusing cash as a form of payment has increasingly been recognized as “payment gentrification.”<sup>1</sup> Other jurisdictions including [New Jersey](#), [Rhode Island](#), and [Massachusetts](#) have recently enacted similar legislation.<sup>2</sup> Municipalities including San Francisco, Philadelphia, and New York City have also passed similar measures.

The Office of Racial Equity supports requiring retail businesses to accept cash payments due to the documented racially inequitable state of access to banking services, credit cards, and other electronic payment methods. The 2021 FDIC National Survey of Unbanked and Underbanked Households provides useful data on access to banking services disaggregated by race.<sup>3</sup> The quote in *italics* below comes from the FDIC summary of the 2021 report (emphasis added in **bold**):

- *Consistent with the results of previous surveys, unbanked rates in 2021 varied considerably across the U.S. population. For example, unbanked rates were higher among lower-income households, less-educated households, Black households, Hispanic households, working-age households with a disability, and single-mother households.*

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<sup>1</sup> Scott, B. (2019). Gentrification of Payments: Spreading the Digital Financial Net (State of Power 2019). Transnational Institute. [https://www.tni.org/files/publication-downloads/gentrification\\_-\\_state\\_of\\_power\\_2019.pdf](https://www.tni.org/files/publication-downloads/gentrification_-_state_of_power_2019.pdf)

<sup>2</sup> Full text link for New Jersey’s 2018 Bill A591: <https://www.njleg.state.nj.us/bill-search/2018/A591/bill-text?f=PL19&n=50>

Full text link for Rhode Island’s 2019 change to R.I. Gen. Laws §6-13.1-30: <https://webserver.rilegislature.gov/Statutes/TITLE6/6-13.1/6-13.1-30.htm>

Full text link for Massachusetts General Laws Part III, Title IV, Chapter 255D, Section 10A: Discrimination against cash buyers: <https://malegislature.gov/laws/generallaws/partiii/titleiv/chapter255d/section10a>

<sup>3</sup> Federal Deposit Insurance Corporation. (n.d.). 2021 National Survey of Unbanked and Underbanked Households. Accessed February 21, 2024 at <https://www.fdic.gov/analysis/household-survey/index.html>.

- *Differences in unbanked rates between Black and White households and between Hispanic and White households in 2021 were present at every income level. For example, among households with income between \$30,000 and \$50,000, 8.0 percent of Black households and 8.4 percent of Hispanic households were unbanked, compared with 1.7 percent of White households.*

According to data from the FDIC, the proportion of Vermonters who are unbanked increased from 0.7% in 2019 to 2.5% in 2021.<sup>4</sup> **Combined with national data disaggregated by race, these trends suggest the population of unbanked/underbanked households in Vermont is likely to include a disproportionately high percentage of Black and Hispanic households.** Preventing retail businesses from refusing to accept cash with the fewest exemptions possible will help preserve unbanked or underbanked households' ability to pay for goods and services.

Cash is a failsafe form of payment that can survive natural disasters, electrical grid failures, outdoor and open-air market settings, and cashless transaction system failure scenarios. Vermont is likely to experience more frequent and more severe natural disasters in the near future due to climate change. It is essential that retail businesses maintain the infrastructure needed to accept cash in case cashless payment systems fail.

Our Office has concerns about the blanket exception for transactions over \$1000 in [S.175 As Introduced](#).<sup>5</sup> We would like to discuss alternative policymaking strategies that provide the fewest possible exemptions from the ban on retail businesses refusing to accept cash payments. We would appreciate an opportunity to provide further testimony on S.175 in the near future if possible.

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<sup>4</sup> Federal Deposit Insurance Corporation. (n.d.) 2021 Survey Results for Vermont. <https://household-survey.fdic.gov/place-data?type=state&area=Vermont>

<sup>5</sup> S.175 As Introduced: <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/S-0175/S-0175%20As%20Introduced.pdf>