

## Legislation Text

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AN ORDINANCE relating to retail establishments; requiring retailers in unincorporated King County, unless otherwise exempted, to accept payment in cash; and adding a new chapter to K.C.C. Title 12.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

**SECTION 1. Findings:**

A. King County strives to be an equitable and inclusive place and strives to empower all residents to participate in the economic life of the county. A key aspect of participation in economic life is the ability to purchase food and consumer goods.

B. The organization Bank On Washington, which is a collaboration of financial institutions, community-based organizations, and local governments, estimates that three percent of Washington state residents are unbanked, meaning they do not use or do not have access to traditional financial services, including bank accounts, credit cards, or personal checks; and that more than seventeen percent of Washington state residents are underbanked, meaning they might have a bank account but might often rely on alternative financial services, such as money orders, check-cashing services, and payday loans rather than on traditional loans and credit cards to fund purchases and manage their finances. If those figures are applied to King County, it means that approximately sixty-seven thousand people in King County could be unbanked and more than three hundred eighty thousand people could be underbanked. If those figures are applied to unincorporated King County, it means that approximately seven thousand four hundred people in unincorporated King County could be unbanked and forty-two thousand people could be underbanked.

C. A 2021 survey by the Federal Deposit Insurance Corporation of unbanked and underbanked

households found that people of color and low-income people are more likely to be unbanked or underbanked than the population as a whole.

D. For residents who are unbanked or underbanked, the ability to purchase food and consumer goods often depends on the ability to pay in cash.

E. Relying on cash to make purchases can be inconvenient and difficult and can pose safety risks. As a result, King County supports the goal of connecting all residents to safe and appropriate financial products and services. However, until all residents have access to safe and appropriate financial products and services, many will continue to rely on cash to pay for food and consumer goods. In addition to those who are unbanked or underbanked, many people might prefer to pay for some purchases in cash, for reasons of convenience or privacy. The Federal Reserve Bank of San Francisco found in 2022 that consumers used cash in twenty percent of all transactions, that people sixty-five and older reported using cash for one-quarter of payments, and that cash use had decreased during the pandemic except for consumers with household incomes less than twenty-five thousand dollars, who make up nearly twenty percent of the population.

F. In recent years, many retailers have moved toward a cashless model of payment, citing improved technology, including tap-to-pay mobile applications and the emergence of "just walk out" payment technology, as well as the safety concerns of storing and handling cash.

G. People who are unbanked or underbanked, as well as those who might prefer to use cash for some purchases, might find it difficult to purchase from retailers that use a cashless model and might be limited in the food and consumer goods they can procure.

H. Other jurisdictions, including the cities of New York, San Francisco, and Philadelphia, the District of Columbia, and the states of Massachusetts and New Jersey, have imposed requirements that retailers accept cash for purchases of food and consumer goods.

I. Policies to require retailers to accept cash for purchase would be most effective and efficient if adopted at the state or national level.

SECTION 2. Sections 3 through 5 of this ordinance should constitute a new chapter in K.C.C. Title 12.

NEW SECTION. SECTION 3. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

A. "Cash" means United States currency, in the form of both paper federal reserve notes and metal coins. For the purposes of this chapter, "cash" does not include:

1. Currency issued under the authority of a country other than the United States;
2. A paper instrument other than a federal reserve note, including, but not limited to, any check, bond, or promissory note; and
3. A metal coin, including, but not limited to, a gold or silver coin that is not legal tender in the United States.

B. "Consumer goods" means items bought or acquired by individuals for personal, family, or household consumption or use.

C. "Retail employee" means a person who is employed by a retailer to work at a retail establishment for wages or salary, including, but not limited to, a full-time employee, a part-time employee, and a temporary worker.

D. "Retail establishment" means an establishment, including, but not limited to, a building, room, vehicle, pushcart, or stand, in which food or consumer goods are sold, displayed, or offered for sale.

E. "Retailer" means the same thing as defined in K.C.C. 6.72.020.B.

F. "Retail transaction" means a sale conducted in person of food or consumer goods at a retail establishment, in which payment for purchase is received directly and in person from the purchaser by a retailer or retail employee. For the purposes of this chapter, "retail transaction" does not include:

1. A transaction for which an order is placed and payment is made by telephone, mail, or Internet, including by mobile application;
2. A transaction for which a retailer or retail employee is not physically present to receive payment,

such as at a parking lot at which payment is made at an automated kiosk; and

3. A transaction for the rental of consumer goods, including accommodations or equipment, for which posting of collateral or security is typically required.

G. "Unincorporated King County" means those areas outside any city or town and under King County's jurisdiction.

NEW SECTION. SECTION 4. A. A retail establishment in unincorporated King County shall not refuse to accept cash, if offered, as a form of payment for a retail transaction and shall not charge a higher price to customers who pay cash than they would pay using any other form of payment.

B. A retailer may refuse to accept payment in cash or putative cash that the retailer reasonably suspects to be counterfeit. A retailer may also refuse to accept currency denominations greater than twenty dollars.

C. In single retail transactions that total more than two hundred dollars, the retailer must accept cash for any amount up to two hundred dollars but may refuse to accept cash as payment for the remainder of the amount due.

D. Fares for public transportation services operated by the Metro transit department shall be paid as authorized by K.C.C. 4A.700.010.B.

E. A retailer may refuse to accept payment in cash if the retail establishment provides a device on premises, or in a location proximate to the retail establishment if shared with other nearby retailers and accessible to consumers, that converts cash into a prepaid card that allows a consumer to complete a purchase, and:

1. The retailer shall place a conspicuous sign in the retail establishment indicating that the retailer does not accept cash payments and that cash can be exchanged for a prepaid card at the cash conversion device, and providing directions to the location of the cash conversion device;

2. The cash conversion device must not charge a fee to a consumer if requiring the device be used;

3. The cash conversion device must not require a minimum deposit amount greater than one dollar;

4. The cash conversion device must provide each consumer with a receipt indicating the amount of cash the consumer deposited onto the prepaid card;

5. Cash deposits through a cash conversion device onto a prepaid card must not be subject to an expiration date, there must not be a limit on the number of transactions that may be completed on such a prepaid card, and a prepaid card must be able to be used at other retail establishments; and

6. If a cash conversion device malfunctions, the retailer where the device is located shall accept payment in cash from consumers throughout the time in which the cash conversion device does not function. The retailer shall place a conspicuous sign on or immediately adjacent to the cash conversion device indicating that the retailer is required to accept cash if the cash conversion device malfunctions.

F.1. A retailer may seek an exemption from the requirement to accept cash payments by applying in writing to the hearing examiner, documenting the specific reasons that accepting cash payments will pose unique difficulties for the retailer, including, but not limited to:

- a. a history of theft or attempted theft at the retail establishment or a bona fide concern for theft or robbery of cash;
- b. the presence of only a single retail employee at the retail establishment;
- c. location of the retail establishment within a residence;
- d. distance of fifteen or more miles by road between the retail establishment and the nearest branch of a banking institution; or
- e. other circumstances that affect the ability of the retailer to accept cash payments.

2. The examiner should process the application in accordance with K.C.C. 20.22.100; and

3. If the retailer is granted an exemption, the retailer shall place a conspicuous sign in the retail establishment indicating that the retailer has been exempted from the requirement to accept cash payments.

NEW SECTION. SECTION 5. To ensure effective implementation and enforcement of this ordinance, the executive shall analyze implementation and enforcement mechanisms and shall transmit to the council an

implementation and enforcement plan recommending an enforcement mechanism and implementation measures, as well as any legislation needed to implement the recommended actions. The executive shall electronically file the implementation and enforcement plan and any associated legislation no later than December 1, 2024, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and the lead staff for the local services and land use committee or its successor.

SECTION 6. This ordinance takes effect July 1, 2025.

SECTION 7. If any provision of this ordinance of its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances is not affected.