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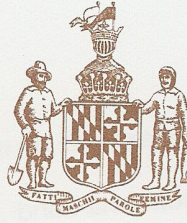
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The Maryland House of Delegates

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House Bill 340 – Commercial Law – Retail Transactions – Cash Payments (Cash Transactions Preservation Act) (As Amended)

Testimony of Delegate Joseline A. Peña-Melnyk (Favorable)

Chairman Davis, Vice Chairman Dumais, and members of the Economic Matters Committee, I am pleased to present House Bill (HB) 340, the Cash Transactions Preservation Act. Passing this bill will be a much needed step toward promoting financial equity in our state.

Proponents of a cashless economy cite the efficiency of non-cash payment methods in processing transactions. Merchants who adopt a cashless business model choose to abandon some vital customer groups. This trend creates barriers for our most vulnerable constituents who lack the resources to adapt. Some of our constituents elect not to use credit or debit cards for their routine transactions. These are often individuals who have been victims of identity theft which is a rapidly escalating problem for our state and for our nation.

Simply applying for a credit card is not possible for some. Most credit cards require the submission of identification, documentation of a paid bill, and a financial history report, while many of those who rely on cash to make payments are either unbanked or underbanked. According to a 2017 Federal Deposit Insurance Corporation (FDIC) National Survey of Unbanked and Underbanked Households, approximately 2.5% of all households in Maryland are unbanked, while 19.7% are underbanked, demonstrating the immediate need to maintain cash as a viable payment option among merchants in Maryland.

Race-specific data also reveals inequities present in banking practices designed to deny access to services from Black Americans and other minority groups. The same 2017 FDIC survey demonstrated disproportionate barriers to banking access for Black families, with 33% of Black households being unbanked compared to only 11% of white households. This issue is not the result of random phenomena. It is deeply rooted in structural racism that has systematically governed banking practices to prevent Black Americans from wealth building and other economic advantages that come with banking access. A 2018 study by New America and Family-Centered Social Policy found that banks are more likely to open branches in predominantly white communities, and those banks require a minimum balance that is, on average, nearly \$250 less than banks in predominantly Black communities. Mandating non-cash payments systematically discriminates against low-income and Black communities unable to open a bank account or apply for credit cards.

With the passage of HB 340, brick-and-mortar merchants will be prohibited from denying service or charging an additional fee to customers who wish to make an in-person cash payment. The bill has been amended after discussions with stakeholders. Exceptions will be granted for parking lots, businesses that do not fall under the classification of brick-and-mortar, and for transactions for the rental of merchandise or accommodations for which posting of collateral or security is typically required. Additionally, merchants will be issued a warning for their first violation, and any subsequent violation will be subject to enforcement and penalty provisions.

People rely on simple transactions to power their everyday lives. In the middle of an unprecedented global pandemic and devastating economic crisis, we cannot in good conscience allow a practice that denies people diapers, disinfectant, and other necessities simply because a business does not accept cash as a form of payment. The Cash Transactions Preservation Act recognizes cashless mandates as a discriminatory practice, effectively creates a framework with which to hold businesses accountable, and promotes financial equity so that everyone can purchase what they need.

Thank you for allowing me to present HB340. I respectfully request a favorable report. I would be happy to answer any questions.