

**Alex Valdez, Colorado State Representative**

**Written Testimony**

**Thursday, October 14, 2021**

**United States House of Representatives Committee on Financial Services,  
Subcommittee on Oversight and Investigations**

**Cashed Out: How a Cashless Economy Impacts Disadvantaged Communities and Peoples**

My name is Alex Valdez and I am the State Representative to Colorado's House District 5, which encompasses downtown Denver. Denver's population is also almost 40% Latino and Colorado's population as a whole is nearly 22% Latino. As a Latino, and the Chair of the Latino Caucus, former Chair of the LGBTQ Caucus, and Chair of the Energy & Environment Committee I am more than familiar with how minority communities feel disproportionate impacts in their everyday lives.

During Colorado's 2021 Legislative Session I sponsored House Bill 1048, entitled "Concerning A Requirement That Retail Establishments Accept United States Currency For Purchases." House Bill 21-1048 requires retail establishments offering goods or services to accept United States currency as a form of payment for in-person transactions. Retail establishments that do not comply with this legislation may be fined up to \$250 per transaction. Throughout the stakeholder processes certain exceptions were established, such as exempting banks or credit unions and transactions for security deposits placed on a credit card.

The catalyst for this bill came directly from the community. Marginalized communities with unbanked and underbanked Coloradans were struggling to survive as the myth that COVID-19 was transmitted through cash - but not credit or debit cards - grew throughout the state, country, and world. The “war on cash” is not a new concept, but one that we saw increase exponentially throughout the global health pandemic, adding even more strain to families navigating such tumultuous times. This attack on cash has long affected minority communities, creating inequities in every facet of the economy.

In 2017, 4.2% of Coloradans did not have any sort of bank account and 17.3% of Coloradans were underbanked which results in many using only cash for everyday necessities. According to a 2017 Federal Deposit Insurance Corporation report, it was estimated that 25% of all American households were either unbanked or underbanked. That is roughly 32 million households without a bank account or access to traditional banking systems. To deny so many people a sole method of purchasing power is wrong, especially when 1/3 of low income qualifying individuals and 17% of Latinos countrywide use cash for all purchases. Cash usage is still prevalent and important throughout our society, and there are large swaths of Coloradans and Americans who rely on it daily.

When crafting this bill I spoke with a variety of folks about how this would impact them. Some were not able to buy their groceries at a local store and were forced to travel longer distances just to find establishments that would accept cash. Others had undocumented relatives who faced yet another barrier when denied cash purchases. On one occasion, I attempted to pay in cash after having dinner with a friend and was told the restaurant did not accept cash. I was lucky - I had a credit card I could use to pay, but those who don't have one are no less deserving of having a meal, buying

groceries, or purchasing goods. In situations such as this, no person should be made to feel embarrassed, rejected, or judged based on their purchasing method.

The policy solution to address this crisis is laid out in the sponsored bill, House Bill 21-1048. Putting an end to the ban on cash supports all members of our society, especially people of color, lower income families, the elderly, the undocumented, and the unhoused. As our economy and communities continue to navigate and recover from the COVID-19 pandemic, it is critical to ensure that every person can fully participate in our economy. Cashless systems prevent this, stifling economic recovery and hindering healthy communities.

Banning one of the simplest ways to pay - cash - is inequitable. Those who don't have a credit or debit card, or a bank account, should not be excluded; the millions of Americans who are unbanked or underbanked have every right to participate in our economy and meet their basic needs.

Our currency states it is good for all debts public and private. It's my hope you will advance legislation making that statement a reality.

Thank you and I'm happy to take any questions from the committee.