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# A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that a fair and  
2 transparent economy is essential for the prosperity and  
3 equitable treatment of all residents, ensuring that every  
4 individual has the opportunity to participate fully in  
5 commercial and financial activities. Modern economies  
6 increasingly rely on digital payment systems, which enhance  
7 convenience and efficiency while reducing barriers to access.

8           Reliance on cash imposes significant economic and social  
9 costs, particularly for unbanked and underbanked populations who  
10 bear disproportionately higher fees, face additional travel time  
11 to access funds, and are at greater risk of financial exclusion,  
12 as highlighted by studies conducted by the Federal Deposit  
13 Insurance Corporation and researchers at Harvard Business  
14 Review.

15           The legislature finds that large cash transactions also  
16 facilitate underreporting of income tax and evasion that costs  
17 the federal government an estimated one hundred billion dollars



1 annually. In 2010, Hawaii's director of taxation estimated that  
2 the cash economy attributed to one billion dollars in unpaid  
3 taxes, which is equivalent to approximately \$1.46 billion today.  
4 This in turn deprives the State's government of critical revenue  
5 necessary to support public services.

6 The legislature also finds that the State has long upheld  
7 the importance of clear and fair commercial practices through  
8 statutes that recognize the importance of commercially  
9 reasonable practices in financial transactions and protect  
10 consumers by ensuring that all residents have fair access to  
11 secure and efficient payment methods.

12 The legislature further finds that requiring businesses to  
13 offer electronic payment options on transactions that exceed a  
14 certain threshold would minimize opportunities for illicit  
15 financial activity, increase accountability, and foster  
16 inclusivity an equitable economic environment.

17 Accordingly, the purpose of this Act is to prohibit  
18 cash-only payments on transactions of \$25 or more.

19 SECTION 2. Chapter 489J, Hawaii Revised Statutes, is  
20 amended by adding a new section to be appropriately designated  
21 and to read as follows:



1           "§489J-    Requirement for cash payments; prohibited.    (a)

2   No business transaction of \$25 or more occurring within the  
3   State shall be required to be paid by cash only. Any business  
4   engaging in a business transaction of \$25 or more within the  
5   State shall allow a consumer to pay with a credit card or debit  
6   card.

7           (b) In the event that a credit card or debit card is used  
8   to pay any charges due and owing to the business, the business  
9   may impose an additional convenience fee on the credit or debit  
10 card user; provided that the amount of the convenience fee shall  
11 not exceed the amount of the service fee imposed on the business  
12 for processing payment of the subject credit or debit card  
13 transaction."

14           SECTION 3. This Act does not affect rights and duties that  
15 matured, penalties that were incurred, and proceedings that were  
16 begun before its effective date.

17           SECTION 4. New statutory material is underscored.

18           SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: 



# S.B. NO. 1162

**Report Title:**

Cash-Only Transactions; Prohibition; Credit Cards; Debit Cards;  
Business Transactions; Convenience Fee

**Description:**

Prohibits a business from requiring cash-only payments on transactions of \$25 or more. Authorizes businesses to include any actual convenience fees for credit card or debit card transactions.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

