BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
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M E M O R A N D U M

TO: Katy Tang, Director
Small Business Commission, City Hall, Room 448

FROM: Monique Crayton, Assistant Clerk, Public Safety and Neighborhood Services Committee, Board of Supervisors

DATE: January 13, 2026

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Public Safety and Neighborhood Services Committee

The Board of Supervisors' Public Safety and Neighborhood Services Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 260025 Police Code - Acceptance of Cash by Brick-and-Mortar Businesses

Ordinance amending the Police Code to delete Article 55 and thereby repeal the requirement that brick-and-mortar businesses accept cash for the purchase of goods and services other than professional services.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102.

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RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

____ No Comment

____ Recommendation Attached

_____

Chairperson, Small Business Commission

CC:
Office of Chair Dorsey

[Police Code - Acceptance of Cash by Brick-and-Mortar Businesses]

Ordinance amending the Police Code to delete Article 55 and thereby repeal the requirement that brick-and-mortar businesses accept cash for the purchase of goods and services other than professional services.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Article 55 of the Police Code, consisting of Sections 5500-5506, is deleted in its entirety, to read as follows:

~~***ARTICLE 55: ACCEPTANCE OF CASH BY BRICK-AND-MORTAR BUSINESSES***~~

~~***SEC. 5500. TITLE.***~~

~~*This Article 55 shall be known and may be cited as the "Legal Rights for Legal Tender Ordinance."*~~

~~***SEC. 5501. FINDINGS AND PURPOSE.***~~

~~*(a) San Francisco strives to be a welcoming, inclusive place for all City residents. Consistent with this ethos of inclusivity, the City strives to empower all of its residents to participate in San Francisco's economic life. A key aspect of participation in economic life in the City, as anywhere, is the ability as a consumer to purchase goods and services.*~~

~~*(b) For many City residents (for example, those who are denied access to credit, or who are unable to obtain bank accounts), the ability to engage in consumer transactions depends on the ability to pay for goods and many services in cash. This is especially true of the very poor.*~~

~~*(c) Millions of Americans do not hold bank accounts, or otherwise fall outside the non-cash financial system. Some stand apart by choice, because they are concerned about privacy and do not want their every financial transaction recorded by banks and credit card companies; physical cash remains the most accessible anonymous medium of exchange in this country. Others may not be well situated to participate in the formal banking system, or may be excluded from that system against their will. In short, denying the ability to use cash as a payment method means excluding too many people.*~~

~~*(d) According to the Federal Deposit Insurance Corporation (FDIC), in 2017, 17% of all African-American households and 14% of all Latino households in the U.S. had no bank account. These numbers may be much higher in San Francisco, where, according to a 2005 study commissioned by the City, as many as 50% of African-American and Latino households were estimated to be unbanked. In this reality, not accepting cash payment is tantamount to systematically excluding segments of the population that are largely low-income people of color. Cashless business models may also have significant detrimental impacts on young people who do not meet age requirements for credit cards, for the elderly (many of whom have not transitioned to credit and digital payment modes at the same rate as younger generations), and for other vulnerable groups (such as homeless and immigrant populations).*~~

~~*(e) The City must remain vigilant in ensuring its economy is inclusionary and accessible to everyone. The purpose of this Article 55 is to ensure that all City residents – including those who lack access to other forms of payment – are able to participate in the City's economic life by paying cash for goods and many services.*~~

~~***SEC. 5502. DEFINITIONS.***~~

~~*For purposes of this Article 55, the following definitions apply:*~~

~~*"Brick-and-Mortar Business" means any place of business operating at a fixed, permanent physical premises. Brick-and-Mortar Business does not include any business not operating at a physical premises in San Francisco (one example being a business operating in the City exclusively via the Internet without any physical premises in the City), or any business operating from a vehicle or other mobile space (one example being a food truck), or any business operating from a temporary physical premises (one example being a pop-up).*~~

~~*"Cash" means United States currency, in the form of both paper Federal Reserve Notes and metal coins. Cash does not include currency issued under the authority of any country other than the United States; any paper instrument other than a Federal Reserve Note (including, but not limited to, any check, bond, or promissory note); or any metal coin (including, but not limited to, any gold or silver coin) that is not legal tender in the United States.*~~

~~*"City" means the City and County of San Francisco.*~~

~~*"Professional Services" means services that require extended analysis, the exercise of discretion and independent judgment in their performance, and/or the application of an advanced, specialized type of knowledge, expertise, or training customarily acquired either by a prolonged course of study or equivalent experience in the field. Examples of Professional Services include, but are not limited to, services provided by accountants; architects; attorneys; engineers; financial advisers; insurance agents; interior designers; management and other consultants; and software developers. Notwithstanding the previous sentence, Professional Services does not include services provided by licensed medical and allied health care professionals, such as, but not limited to, doctors, dentists, and nurses. But licensure by the State or City does not in itself mean that an individual provides Professional Services; for example, a cosmetologist is not considered to provide Professional Services as defined. Trade or craft work, such as, but not limited to, shoe repair, tailoring of clothes, and dry cleaning, are not considered Professional Services for purposes of this Article 55.*~~

~~*"San Francisco County Sealer" or "Sealer" means the position identified in Administrative Code § 2A.221 as the County Agricultural Commissioner-Sealer of Weights and Measures, and includes the Sealer's employees as assigned or other designees of the Sealer.*~~

~~***SEC. 5503. BRICK-AND-MORTAR BUSINESSES REQUIRED TO ACCEPT CASH.***~~

~~*(a) Except as set forth in Section 5504, every Brick-and-Mortar Business within the City must accept payment in Cash, if offered, for any transaction involving the purchase of any tangible good and/or any service other than Professional Services if, in connection with that transaction, (1) the business would accept one or more other forms of payment (including, but not limited to, check, credit card, debit card, or any type of electronic payment), regardless of when such form of payment is collected, and (2) the customer seeking to engage in that transaction is physically present at the place of business.*~~

~~*(b) Except as set forth in Section 5504, a Brick-and-Mortar Business may not charge a fee or place any other condition on its acceptance of Cash as required by subsection (a).*~~

~~***SEC. 5504. EXCEPTIONS.***~~

~~*(a) **Suspected Counterfeit Currency.** A Brick-and-Mortar Business may refuse to accept Cash or putative Cash that the business reasonably suspects to be counterfeit.*~~

~~*(b) **Large Denominations.** A Brick-and-Mortar Business may refuse to accept Cash in any denomination larger than a twenty-dollar bill, but shall otherwise accept any combination of paper Federal Reserve Notes and metal coins in connection with any transaction covered by Section 5503.*~~

~~*(c) **Single Transactions Above $5,000.** Where a single transaction involves the purchase of one or more goods and/or services, the total price of which (including tax) exceeds $5,000, a Brick-and-Mortar Business must accept Cash that is proffered as payment for any amount up to $5,000, but may refuse to accept Cash as payment for the remainder of the amount due. By way of example but not limitation, if a customer purchases an item or items of jewelry the total price of which (including tax) is $7,500, the customer would be entitled to pay up to $5,000 in cash, but the Brick-and-Mortar Business*~~

~~*would be permitted to require the customer paying $5,000 in cash to pay the remaining $2,500 due using some form of payment other than Cash.*~~

~~***SEC. 5505. ENFORCEMENT.***~~

~~*(a) **San Francisco County Sealer.** The San Francisco County Sealer shall have the authority to implement this Article 55 and enforce this Article as set forth in this Section 5505. The Sealer may issue rules, regulations, and/or guidance, as the Sealer deems appropriate, to aid in the implementation and enforcement of this Article.*~~

~~*(b) **No Worker Liability.** The obligation to ensure that a Brick-and-Mortar Business complies with this Article 55 shall fall only on the business, or (in any case in which the owner or owners of the business are responsible for a policy or practice causing a violation of this Article 55) on the owner or owners of the business. No employee or independent contractor working at a Brick-and-Mortar Business shall be held liable for any violation of this Article.*~~

~~*(c) **Violations Defined.** Each transaction or attempted transaction in which a Brick-and-Mortar Business fails to accept Cash as required by Section 5503 shall constitute a separate violation of this Article 55.*~~

~~*(d) **Penalties.** Any violation of this Article 55 shall be an infraction or misdemeanor punishable as hereinafter specified:*~~

~~*(1) For a first violation of this Article, an infraction punishable by a fine not exceeding $100 and not less than $50;*~~

~~*(2) For a second violation of this Article within a 12-month period, an infraction punishable by a fine not exceeding $200 and not less than $100; and*~~

~~*(3) For a third violation of this Article within a 12-month period, and any additional violation within a 12-month period, a misdemeanor punishable by a fine not exceeding $1,000 and not less than $500.*~~

~~*(c) **Enforcement Costs.** In addition to the penalties set forth in subsection (c), the court may order that a violator of this Article 55 reimburse the City for all its costs, including attorneys' fees, incurred in investigating and prosecuting the enforcement action against that violator.*~~

~~***SEC. 5506. TREASURER'S REPORT.***~~

~~*By no later than December 31, 2026, the Treasurer shall submit a report to the Board of Supervisors and the Mayor on the findings contained in the report on the 2025 National Survey of Unbanked and Underbanked Households issued by the Federal Deposit Insurance Corporation. The report submitted by the Treasurer may, but need not, include recommendations concerning this Article 55.*~~

Section 2. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
HUGO CABRERA
Deputy City Attorney

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Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- [x] 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- [ ] 2. Request for next printed agenda (For Adoption Without Committee Reference)
  (Routine, non-controversial and/or commendatory matters only)
- [ ] 3. Request for Hearing on a subject matter at Committee
- [ ] 4. Request for Letter beginning with "Supervisor _____ inquires…"
- [ ] 5. City Attorney Request
- [ ] 6. Call File No. _____ from Committee.
- [ ] 7. Budget and Legislative Analyst Request (attached written Motion)
- [ ] 8. Substitute Legislation File No. _____
- [ ] 9. Reactivate File No. _____
- [ ] 10. Topic submitted for Mayoral Appearance before the Board on _____

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☒ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

☐ Yes ☐ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

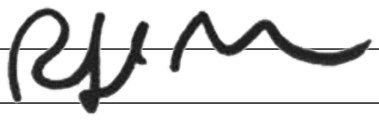
Sponsor(s):

Mandelman

Subject:

[Police Code - Acceptance of Cash by Brick-and-Mortar Businesses]

Long Title or text listed:

Ordinance amending the Police Code to delete Article 55 and thereby repeal the requirement that brick-and-mortar businesses accept cash for the purchase of goods and services other than professional services.

Signature of Sponsoring Supervisor: