

MARYLAND RETAILERS ALLIANCE

The Voice of Retailing in Maryland



HB 1026 Business Regulation- Rounding Cash Transactions-Authorization

February 25, 2026

Position: Favorable

We respectfully submit this testimony in strong support of **HB 1026**, which would authorize the rounding of cash transactions in Maryland. This bill provides clear legal direction on how cash purchases should be rounded in the absence of an adequate supply of pennies, ensuring fairness, clarity, and legal certainty for consumers, retailers, and state tax administration.

With the cessation of penny production by the United States Mint and increasing shortages of pennies in Federal Reserve distribution, the practical ability of businesses to make exact change for cash transactions is rapidly diminishing. These developments have forced merchants to make ad-hoc decisions about rounding, often without statutory guidance, creating legal ambiguity, administrative complexity, and potential inequities in the marketplace.

The **National Conference of State Legislatures (NCSL)** — a bipartisan body that provides state legislators with research and policy guidance — has analyzed the economic, legal, and operational implications of eliminating the penny and transitioning to rounding cash transactions. Key recommendations from their *Cents-able Considerations* policy brief include:

1. Rounding Clarity and Legal Certainty

NCSL notes that without a clear statutory framework, inconsistent rounding decisions across vendors could expose states and retail sellers to legal risks and confusion. Establishing uniform, legislated rounding practices avoids legal uncertainty and ensures consumers and businesses can transact within a clear, predictable framework.

2. Symmetrical Rounding as a Fair Method

A growing consensus among economists, retailers, and policy analysts — reflected in the NCSL analysis — favors *symmetrical rounding* to the nearest five cents for cash payments. Under this widely accepted method, total cash transaction amounts ending in 1, 2, 6, or 7 cents round down, while those ending in 3, 4, 8, or 9 cents round up. This approach treats consumers and sellers equitably over time and minimizes net impact on either party.

3. Distinction Between Cash and Electronic Payments

The NCSL report emphasizes that rounding rules should apply solely to physical cash transactions while preserving exact-to-cent calculations for sales tax and electronic payments. This distinction respects the continuing accuracy of digital payment systems and aligns with best practices adopted in other jurisdictions.

4. Maintaining Tax Calculation Integrity

State tax authorities should continue to calculate sales and excise taxes on the actual purchase price prior to rounding. Under the recommended framework, rounding is applied only at the final point of sale when paid in cash, ensuring that the correct amount of tax is remitted.

Authorizing rounding ensures fairness and transparency for consumers, reduces operational uncertainty for retailers, and prevents confusion or litigation from inconsistent practices. As pennies decline and electronic payments dominate, standardized cash rounding is a practical solution with minimal consumer impact.

For these reasons, we respectfully urge a favorable report on HB 1026. The bill reflects bipartisan guidance from the [National Conference of State Legislatures](#) and provides Maryland with a clear, equitable, and administratively sound framework for cash transactions.

Thank you for your consideration.