



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Sponsor Testimony - Request for Favorable Recommendation
HB 1026 – Business Regulation - Rounding Cash Transactions –
Authorization**

Greetings Chair Kris Valderrama, Vice-Chair Lorig Charkoudian, and members of the Economic Matters Committee,

HB 1026 proposes a consistent approach for merchants when rounding cash transactions due to the penny shortage. On November 12, 2025, the last penny for general circulation was minted. Although there are over 114 billion pennies in circulation, they are not at retail establishments that need them. Many pennies are in jars, wishing wells, garbage dumps, under couches or being kept for posterity.

With the federal government’s abrupt decision to stop minting pennies and no formal guidance on phase-out of pennies, merchants who accept cash are developing their own guidance. HB 1026 seeks to provide consistency with handling the rounding of transactions for all Maryland merchants who accept cash.

The provisions in HB 1026 are consistent with FAQs addressed by the Federal Reserve regarding cash only transactions, maintaining state tax policy, and merchant refund rules. The rounding approach outlined in HB 1026, as shown below, is consistent with other states that are enacting rounding guidance for cash transactions. This model legislation is based on the work done in a bipartisan way by National Conference of State Legislatures (NCSL) and offers clarity for businesses and consumers.

Attention Customers Paying with Cash

Due to the removal of pennies from circulation, cash purchases will be rounded to the nearest \$0.05

If you choose to pay in cash,
please consult the following:



Example:			
You Pay:	Total:	Total:	You Pay:
\$10.00	\$10.02	\$10.03	\$10.05

Exact change is still welcome.

Payments made with credit cards, debit cards, or other non-cash methods will not be rounded.

Rev. November 7, 2025

I seek a favorable recommendation for HB 1026 to provide clarity for merchants, businesses, and consumers who pay in cash.

Cordially,