

Chapter 515

(House Bill 1026)

AN ACT concerning

Business Regulation – Rounding Cash Transactions – Authorization

FOR the purpose of authorizing a merchant to round the portion of the price of a certain cash transactions transaction for which a customer pays using cash in a certain manner or round the amount of change due to a customer in a certain manner; ~~authorizing an employer to round a wage that the employer pays using cash in a certain manner providing that a certain amount added to or subtracted from the price in a cash transaction under this Act is not included in the taxable price;~~ providing that certain provisions of this Act shall preempt existing regulations, rules, and ordinances that conflict with certain provisions of this Act; altering the definition of “taxable price” for the purposes of certain provisions of law governing the State sales and use tax to clarify the exclusion from the tax of a certain amount collected due to rounding the price for a good or service in accordance with certain provisions of this Act; and generally relating to rounding cash transactions.

BY adding to

Article – Business Regulation

Section 1-601 through ~~1-607~~ 1-606 to be under the new subtitle “Subtitle 6.

Rounding Cash Transactions in a Trade or Business”

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

~~BY repealing and reenacting, without amendments,~~~~Article – Labor and Employment~~~~Section 3-502(a)~~~~Annotated Code of Maryland~~~~(2025 Replacement Volume)~~~~BY adding to~~~~Article – Labor and Employment~~~~Section 3-502(g)~~~~Annotated Code of Maryland~~~~(2025 Replacement Volume)~~BY repealing and reenacting, without amendments,Article – Tax – GeneralSection 11-101(a) and (l)(1)Annotated Code of Maryland(2022 Replacement Volume and 2025 Supplement)BY repealing and reenacting, with amendments,

*Article – Tax – General**Section ~~11-101(l)~~ 11-101(l)(3)**Annotated Code of Maryland**(2022 Replacement Volume and 2025 Supplement)*

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Business Regulation

SUBTITLE 6. ROUNDING CASH TRANSACTIONS IN A TRADE OR BUSINESS.

1-601.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) (1) “CASH” MEANS UNITED STATES COINS AND CURRENCY.

(2) “CASH” DOES NOT INCLUDE:

(I) A PAPER INSTRUMENT OTHER THAN A FEDERAL RESERVE NOTE; OR

(II) A GIFT CARD.

(C) “CUSTOMER” MEANS A PURCHASER OF A GOOD OR SERVICE FROM A MERCHANT.

(D) “MERCHANT” MEANS A PERSON ENGAGED IN THE TRADE OR BUSINESS OF THE SALE OF GOODS OR SERVICES.

(E) “~~TOTAL PRICE~~ PRICE” MEANS THE ~~PRICE~~ PRICE AMOUNT DUE AND PAYABLE BY A CUSTOMER ~~IS RESPONSIBLE FOR PAYING~~ FOR A GOOD OR SERVICE AFTER A MERCHANT:

(1) SUBTRACTS ANY DISCOUNT OR DEDUCTION; AND

(2) APPLIES ANY APPLICABLE TAX OR FEE; ~~AND~~

~~(3) ROUNDS THE TRANSACTION CONSISTENT WITH THIS SUBTITLE.~~

1-602.

THIS SUBTITLE:

(1) DOES NOT APPLY TO A ~~CASH~~ TRANSACTION FOR A GOOD OR SERVICE ~~IN EXCHANGE FOR~~ PAID WITH EXACT CHANGE; AND

(2) MAY NOT BE CONSTRUED TO AUTHORIZE A MERCHANT TO ROUND A PRICE FOR A GOOD OR SERVICE IN A MANNER THAT ALTERS THE CALCULATION OF ANY TAX OR FEE APPLICABLE TO THE TRANSACTION.

1-603.

(A) THIS SECTION APPLIES TO:

~~(1)~~ THE PORTION OF THE PRICE OF AN IN-PERSON, ~~CASH~~ TRANSACTION ~~IF THE PRICE TOTALS AT LEAST 5 CENTS; OR~~

~~(2)~~ OR A TELEPHONE, MAIL, OR INTERNET TRANSACTION FOR WHICH A CUSTOMER PAYS USING CASH IF THE PRICE TOTALS AT LEAST 5 CENTS.

(B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A MERCHANT DOING BUSINESS IN THE STATE MAY:

~~(1)~~ DETERMINE THE TOTAL PRICE OF ~~ROUND THE PRICE FOR A GOOD OR SERVICE, AFTER SUBTRACTING ANY DISCOUNT OR DEDUCTION FROM THE PRICE AND APPLYING ANY APPLICABLE TAX OR FEE TO THE PRICE,~~ IN THE FOLLOWING MANNER:

(I) IF THE PRICE ENDS IN 1 CENT, 2 CENTS, 6 CENTS, OR 7 CENTS, BY ROUNDING THE PRICE DOWN TO THE NEAREST CENT DIVISIBLE BY FIVE; OR

(II) IF THE PRICE ENDS IN 3 CENTS, 4 CENTS, 8 CENTS, OR 9 CENTS, BY ROUNDING THE PRICE UP TO THE NEAREST CENT DIVISIBLE BY FIVE; OR

(2) ROUND THE AMOUNT OF CHANGE DUE TO A CUSTOMER UP OR DOWN CONSISTENT WITH ITEM (1) OF THIS SUBSECTION.

1-604.

(A) THIS SECTION APPLIES TO:

~~(1) THE PORTION OF THE PRICE OF AN IN-PERSON, CASH TRANSACTION IF THE PRICE TOTALS LESS THAN 5 CENTS; OR~~

~~(2) OR A TELEPHONE, MAIL, OR INTERNET TRANSACTION FOR WHICH A PERSON CUSTOMER PAYS USING CASH IF THE PRICE TOTALS LESS THAN 5 CENTS.~~

(B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A MERCHANT DOING BUSINESS IN THE STATE MAY ~~DETERMINE THE TOTAL PRICE OF~~ ROUND THE PRICE FOR A GOOD OR SERVICE, ~~AFTER SUBTRACTING ANY DISCOUNT OR DEDUCTION FROM THE PRICE AND APPLYING ANY APPLICABLE TAX OR FEE TO THE PRICE,~~ BY ROUNDING THE PRICE UP TO 5 CENTS.

~~1-605.~~

~~AN EMPLOYER, AS DEFINED IN § 3-501 OF THE LABOR AND EMPLOYMENT ARTICLE, MAY ROUND A WAGE, AS DEFINED IN § 3-501 OF THE LABOR AND EMPLOYMENT ARTICLE, THAT THE EMPLOYER PAYS USING CASH CONSISTENT WITH THIS SUBTITLE.~~

~~1-606. 1-605.~~

THIS SUBTITLE SUPERSEDES ANY REGULATION, RULE, OR ORDINANCE THAT CONFLICTS WITH THIS SUBTITLE.

~~1-607. 1-606.~~

THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

~~Article Labor and Employment~~

~~3-502.~~

~~(a) (1) Each employer:~~

~~(i) shall set regular pay periods; and~~

~~(ii) except as provided in paragraph (2) of this subsection, shall pay each employee at least once in every 2 weeks or twice in each month.~~

~~(2) An employer may pay an administrative, executive, or professional employee less frequently than required under paragraph (1)(ii) of this subsection.~~

~~(C) AN EMPLOYER MAY ROUND A WAGE THAT THE EMPLOYER PAYS USING CASH, AS DEFINED IN § 1 601 OF THE BUSINESS REGULATION ARTICLE, CONSISTENT WITH TITLE 1, SUBTITLE 6 OF THE BUSINESS REGULATION ARTICLE.~~

Article – Tax – General

11-101.

(a) In this title the following words have the meanings indicated.

(l) (1) “Taxable price” means the value, in money, of the consideration of any kind that is paid, delivered, payable, or deliverable by a buyer to a vendor in the consummation and complete performance of a sale without deduction for any expense or cost, including the cost of:

- (i) any labor or service rendered;
- (ii) any material used; or
- (iii) any property, digital code, or digital product sold.

~~(2) “Taxable price” includes, for tangible personal property, a digital code, or a digital product acquired by a sale for use in the State by the person who assembles, fabricates, or manufactures the property or digital product, only the price of the raw materials and component parts contained in the property or digital product.~~

(3) “Taxable price” does not include:

(i) a charge that is made in connection with a sale and is stated as a separate item of the consideration for:

1. a delivery, freight, or other transportation service for delivery directly to the buyer by the vendor or by another person acting for the vendor, unless the transportation service is a taxable service;

2. a finance charge, interest, or similar charge for credit extended to the buyer;

3. a labor or service for application or installation;

4. a mandatory gratuity or service charge in the nature of a tip for serving food or beverage to a group of 10 or fewer individuals for consumption on the premises of the vendor;

5. a professional service;

6. a tax:

A. imposed by a county on the sale of coal, electricity, oil, nuclear fuel assemblies, steam, or artificial or natural gas;

B. imposed under § 3–302(a) of the Natural Resources Article, as a surcharge on electricity, and added to an electric bill;

C. imposed under §§ 6–201 through 6–203 of the Tax – Property Article, on tangible personal property subject to a lease that is for an initial period that exceeds 1 year and is noncancellable except for cause; or

D. imposed under § 4–102 of this article on the gross receipts derived from an admissions and amusement charge;

7. any service for the operation of equipment used for the production of audio, video, or film recordings; or

8. reimbursement of incidental expenses paid to a third party and incurred in connection with providing a taxable detective service;

(ii) the value of a used component or part (core value) received from a purchaser of the following remanufactured truck parts:

1. an air brake system;

2. an engine;

3. a rear axle carrier; or

4. a transmission;

(iii) a charge for a nontaxable service that is made in connection with a sale of a taxable communication service, even if the nontaxable charges are aggregated with and not separately stated from the taxable charges for communications services, if the vendor can reasonably identify charges not subject to tax from its books and records that are kept in the regular course of business; ~~for~~

(iv) a transportation network company impact fee imposed under § 10–408 of the Public Utilities Article; OR

(v) AN AMOUNT ~~LESS THAN 5~~ NOT EXCEEDING 2 CENTS ~~ADDED OR SUBTRACTED IN A CASH TRANSACTION TO DETERMINE THE ROUNDED PRICE UNDER~~ COLLECTED DUE TO ROUNDING THE PRICE FOR A GOOD OR SERVICE IN ACCORDANCE WITH TITLE 1, SUBTITLE 6 OF THE BUSINESS REGULATION ARTICLE.

~~(4) "Taxable price" includes all sales and charges, including insurance, freight handling, equipment and supplies, delivery and pickup, cellular telephone, and other accessories, but not including sales of motor fuel subject to the motor fuel tax, made in connection with:~~

~~(i) a short term vehicle rental, as defined in § 11-104(e) of this subtitle; or~~

~~(ii) a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program, as defined in § 19-520 of the Insurance Article.~~

~~(5) "Taxable price" includes:~~

~~(i) for the sale or use of an accommodation facilitated by an accommodations intermediary or a short term rental platform, the full amount of the consideration paid by a buyer for the sale or use of an accommodation, but not including any tax that is remitted to a taxing authority; and~~

~~(ii) for the sale or use of a home amenity rental facilitated by a home amenity rental intermediary or home amenity rental platform, the full amount of consideration paid by a buyer for the sale or use of a home amenity rental, but not including any tax that is remitted to a taxing authority.~~

~~(6) "Taxable price" does not include:~~

~~(i) for the sale or use of an accommodation facilitated by an accommodations intermediary or a short term rental platform, a commission paid by an accommodations provider to a person after facilitating the sale or use of an accommodation; or~~

~~(ii) for the sale or use of a home amenity rental facilitated by a home amenity rental intermediary or home amenity rental platform, a commission paid by a home amenity rental provider to a person after facilitating the sale or use of a home amenity rental.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a ye and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

Approved by the Governor, May 12, 2026.