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Finance Committee

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THE SENATE OF MARYLAND  
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**Testimony In Support of SB 893**

**SB 893 – Business Regulation – Rounding Cash Transactions – Authorization**

Madam Chair, Mr. Vice Chair, and Members of the Committee:

Senate Bill 893 authorizes symmetrical rounding of cash transactions in Maryland and provides clear statutory direction for how merchants may round cash payments in the absence of an adequate supply of pennies.

With the cessation of penny production by the United States Mint and ongoing shortages in Federal Reserve distribution, the practical ability of businesses to make exact change for cash transactions is diminishing. Retailers are increasingly forced to make ad-hoc rounding decisions without statutory guidance. That creates legal ambiguity, operational inconsistency, and potential inequities across the marketplace. SB 893 provides a uniform, legislated framework.

Under the bill:

- Rounding applies only to physical cash transactions.
- Rounding occurs after all discounts and after all applicable taxes and fees are calculated.
- Amounts ending in 1, 2, 6, or 7 cents round down; amounts ending in 3, 4, 8, or 9 cents round up.
- Transactions under five cents may round up to five cents.
- Merchants may round either the total transaction amount or the change due.
- Electronic payments remain exact to the cent.
- Employers paying wages in cash may use the same symmetrical rounding method.

The National Conference of State Legislatures has analyzed the economic and legal implications of penny elimination and recommends statutory clarity to avoid inconsistent practices and legal uncertainty. Their research supports symmetrical rounding as the most equitable method, treating consumers and merchants fairly over time.

The bill explicitly requires that taxes be calculated and remitted based on the actual purchase price prior to rounding. This preserves tax integrity and ensures compliance with state revenue requirements.

Additionally, SB 893 preempts conflicting local regulations to ensure statewide consistency. Without uniformity, businesses operating in multiple jurisdictions could face conflicting rounding rules.

The Comptroller's Office has indicated that it does not plan to introduce separate legislation but has emphasized that rounding should occur after taxes are applied and that any framework should be consistent statewide. SB 893 reflects those principles.

The fiscal analysis indicates no material impact on State finances.

As pennies decline and electronic payments dominate, this legislation provides clarity, fairness, administrative certainty, and a practical path forward.

For these reasons, I respectfully request a favorable report on Senate Bill 893.