

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1026 (Delegate Queen)
Economic Matters

Business Regulation - Rounding Cash Transactions - Authorization

This emergency bill authorizes a merchant to round certain cash transactions and the amount of change due to a customer up or down to the nearest cent divisible by five, as specified. The bill also authorizes an employer to round a wage that the employer pays using cash up or down to the nearest cent divisible by five, as specified. The bill preempts any existing regulations, rules, and ordinances that conflict with the Act. The Secretary of Labor may adopt regulations to carry out the bill’s provisions.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances. The Maryland Department of Labor can handle any increase in wage payment claims and the preparation of compliance materials with existing resources.

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Definitions

“Cash” means United States coins and currency and does not include (1) a paper instrument other than a federal reserve note or (2) a gift card.

A “customer” means a purchaser of a good or service from a merchant. A “merchant” is a person engaged in the trade or business of that sale of goods and services.

“Total Price” means the price a customer is responsible for paying for a good or service after a merchant (1) subtracts any discount or deduction; (2) applies any applicable tax or fee; and (3) rounds the transaction consistent with this bill.

Cash Transactions

The bill authorizes a merchant to determine the total price of a good or service (after applying applicable discounts or taxes) or the amount of change due to a customer in the following manner:

- if the price ends in 1, 2, 6, or 7 cents, by rounding the price down to the nearest cent divisible by five; or
- if the price ends in 3, 4, 8, or 9 cents, by rounding the price up to the nearest cent divisible by five.

The provisions for cash transactions apply to (1) an in-person, cash transaction if the price totals at least 5 cents or (2) a telephone, mail, or internet transaction for which a customer pays using cash if the price totals at least 5 cents.

For transactions totaling less than 5 cents, a merchant may round the total price up to 5 cents. The bill does not apply to a cash transaction for a good and service in exchange for exact change.

Employer Wage Rounding

An employer may round a wage that the employer pays using cash consistent with the rounding methodology specified in the bill.

Current Law:

Each employer must set regular pay periods and must pay each employee at least once in every two weeks or twice per month. However, an employer may pay an administrative, executive, or professional employee less frequently.

Whenever the Commissioner of Labor and Industry determines that the law under the Enforcement Article has been violated, they may attempt to resolve the issue through mediation or ask the Attorney General to bring an action on behalf of an employee.

If a court finds that an employer withheld the wage in violation of the Article and not as a result of a *bona fide* dispute, the court may award the employee up to three times the unpaid wage, plus reasonable counsel fees and other costs. Any wages recovered under this Article must be paid to the employee without cost.

Sales Taxes

The State sales tax is imposed on (1) a retail sale in the State and (2) a use, in the State, of tangible personal property, a digital code, a digital product, or a taxable service. In general, the tax rate is 6 cents for each exact dollar and prorated amounts for each part of a dollar.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 893 (Senator Gile) - Finance.

Information Source(s): Comptroller's Office; Maryland Department of Labor; Department of Legislative Services

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