

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1512 (Delegate Conaway)
 Economic Matters

Business Regulation - Rounding Cash Transactions - Remittance to Comptroller

This bill requires a merchant that rounds up a purchase price to the nearest five cents to remit to the Comptroller the difference between (1) the total price the customer is required to pay after the rounding occurs and (2) the price before the rounding occurs in a cash transaction. The Comptroller must distribute the revenue collected to the general fund. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund revenues increase by an estimated \$122,800 in FY 2027 from the remittances by merchants. Out years reflect inflation and ongoing remittances. The Comptroller’s Office can likely implement the bill with existing resources.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	\$122,800	\$125,800	\$128,300	\$130,800	\$133,200
Expenditure	0	0	0	0	0
Net Effect	\$122,800	\$125,800	\$128,300	\$130,800	\$133,200

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: “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 “merchant” is a person engaged in the trade or business of the sale of goods and services.

Current Law:

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.

Rounding Cash Transaction

The State does not currently regulate the practice of rounding the total price of cash transactions.

Comptroller's Responsibility

Generally, the Comptroller must (1) collect the taxes that the Comptroller administers or is otherwise required to collect; (2) account for the revenue from those taxes and any other tax required to be remitted to the Comptroller; and (3) distribute the revenue in the manner required.

The requirement to make a distribution of tax revenue means to segregate, deposit, transfer, credit, disburse by warrant, or otherwise apply the revenue in accordance with the accounting practices and procedures required.

State Fiscal Effects:

Revenues from Remittances

The Federal Reserve Bank of Richmond conducted a study of the financial effects of phasing out the penny. The study anticipates that businesses are likely to round up cash transactions to the nearest five cents, resulting in annual costs to consumers of \$6.06 million nationwide. The Comptroller's Office applied the State's share of the U.S. population (1.8%) to the national estimate and adjusted for inflation through the 2031 forecast period.

Therefore, general fund revenues are estimated to increase by \$122,763 in fiscal 2027 and are projected to increase up to \$133,207 by fiscal 2031 after accounting for inflation.

Programming Costs

The Comptroller estimates costs of between \$750,000 and \$1.2 million to reprogram its tax collection system to account for the additional remittances. The Department of

Legislative Services disagrees, as merchants are likely to remit the additional payments with their regular sales tax remittances, requiring little or no changes to the Comptroller's system.

Additional Information

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

Designated Cross File: None.

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

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