

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 893
Finance

(Senator Gile)

Economic Matters

Business Regulation - Rounding Cash Transactions - Authorization

This emergency bill authorizes a merchant to round the price and the amount of change due to a customer up or down to the nearest cent divisible by five, as specified. It applies only to the portion of a price of an in-person transaction or of a telephone, mail, or Internet transaction for which a customer pays using cash if the total price is at least five cents. The bill's provisions (1) do not apply to a transaction for a good or service paid with exact change and (2) may not be construed to authorize rounding in a manner that alters the calculation of any tax or fee applicable to the transaction. The bill preempts any existing regulations, rules, and ordinances that conflict with its provisions. 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.

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.

“Price” means the amount due and payable by a customer for a good or service after a merchant (1) subtracts any discount or deduction and (2) applies any applicable tax or fee.

Cash Transactions

The bill authorizes a merchant to round the price for a good or service 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.

For transactions totaling less than 5 cents, a merchant may round the total price up to 5 cents.

Current Law: The State does not currently regulate the practice of rounding the total price of transactions.

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: HB 1026 (Delegate Queen) - Economic Matters.

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

Fiscal Note History:
jg/mcr

First Reader - February 23, 2026

Third Reader - March 30, 2026

Revised - Amendment(s) - March 30, 2026

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