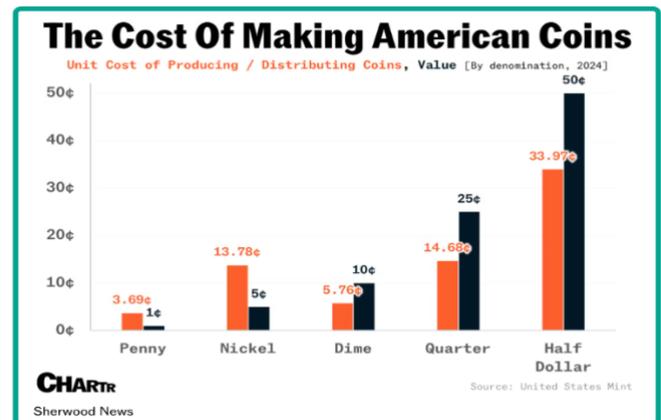


Consequences of Eliminating the Penny

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OVERVIEW

In 2024, the U.S. Mint reported that it cost approximately 3.69 cents to produce one penny. In February 2025, President Donald Trump directed the U.S. Treasury to cease minting pennies. In April 2025, Congress introduced the [Common Cents Act \(HR 3074\)](#), which would have stopped penny production and required cash transactions to be rounded to the nearest five cents. The bill remains in committee. A related proposal, [H.R. 1270](#), would suspend production of the penny and nickel and requires the Comptroller General to study the costs and impacts of pennies and nickels.



With limited federal guidance and continued legal tender status for existing pennies, businesses have independently adjusted cash transactions when exact change is unavailable. Many retailers temporarily round in the customer’s favor and absorb the difference. However, this approach may not be financially sustainable long term and can create inconsistencies in tax reporting and customer treatment.

According to the [National Conference of State Legislatures](#) (NCSL), most tax policy analysts recommend rounding the final transaction total after all taxes and fees are calculated to ensure tax accuracy. Nearly all state proposals apply only to cash transactions and do not affect electronic transactions (e.g., debit, credit, checks, or digital payments).

As of February 2026, no state has enacted comprehensive rounding legislation, though multiple bills have been introduced. Several state Departments of Revenue (DOR) have issued advisories permitting rounding practices while emphasizing that tax must be calculated and remitted based on the exact taxable amount prior to rounding. [Florida](#) and [Georgia](#) DORs have released policies detailing their state’s rounding rules. [Iowa](#), [Texas](#), and [Utah](#) DORs have outlined recommendations for rounding methods. [Wisconsin's](#) DOR provides suggestions to municipalities and counties to create and implement their own rounding policies.

Delaware has not introduced legislation on rounding rules. Since Delaware imposes a gross receipts tax rather than a traditional sales tax, legislators may need to consider how any rounding policy would interact with and potentially affect existing requirements.

ADVANTAGES OF ROUNDING POLICIES

Uniformity and Consistency: Statewide rounding rules create clear, consistent standards for retailers and consumers, reducing confusion and uneven business practices. If there are set rules, there is no room for error and can be adopted more seamlessly in a state.

Administrative Clarity and Revenue

Protection: Most proposals require taxes to be calculated before rounding, maintaining accurate remittance and protection of state revenue.

Operational Efficiency: Rounding simplifies cash transactions and [reduces challenges](#) due to the reduction of pennies in circulation.

Balanced Financial Impact: The main proposed rounding rules adjust totals up and down, which may [offset gains and losses](#) over time.

CHALLENGES OF ROUNDING POLICIES

Consumer Perception: Rounding may be viewed as a hidden price increase, even if the intention is meant to create fairness among businesses and merchants.

Implementation and Compliance: Retailers must ensure tax is calculated precisely before rounding, which may require system updates or procedural adjustments.

Inconsistent Application: States differ on whether rounding is mandatory or optional, which can result in varied practices across jurisdictions.

Federal SNAP Requirements: Retailers must ensure rounding policies do not result in unequal treatment of [SNAP](#) customers, as federal regulations require equal pricing and terms.

STATE EFFORTS ON IMPLEMENTING ROUNDING RULES

- Multiple states such as Arizona, Florida, Indiana, Missouri, Nebraska, New York, 2026-IB-0019

Oklahoma, Tennessee, Washington, and West Virginia have introduced rounding legislation, though none have enacted comprehensive laws as of February 16, 2026.

- Most proposals round the final total after taxes to the nearest five cents using a standard model (rounding \$0.01-\$0.02 down, \$0.03-\$0.07 to \$0.05, and \$0.08-\$0.09 up to \$0.10 cents.).

Key Differences: Florida's [S.B. 1074](#) would require mandatory rounding for in-person cash transactions, while Nebraska's [L.B. 837](#) and Missouri's [H.B. 2819](#) use permissive language allowing, but not requiring, rounding. New York's [S.B. 8580](#) and West Virginia's [H.B. 4476](#) exclude transactions totaling four cents or less from rounding requirements. Arizona's [S.B. 1108](#) require retailers to post signage explaining their rounding practices.

- Several Departments of Revenue have issued nonbinding advisories permitting rounding of cash transactions while requiring proper tax calculation and remittance.

CONSIDERATIONS FOR DELAWARE LEGISLATORS

Assess Existing Authority Under Delaware State Law: Review Delaware's gross receipts tax structure to determine whether current law permits rounding practices or whether statutory authorization would be required.

Establish Clear Parameters: If adopting a policy, specify that rounding applies only to in-person cash transactions and require that tax be calculated prior to any rounding adjustment. Consider whether retailers should be required to disclose rounding practices and ensure any policy aligns with federal SNAP nondiscrimination requirements.

Determine the Approach: Decide whether rounding should be required uniformly across the state or based on individual retailers.