

The Florida Senate

**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SB 1074

INTRODUCER: Senator Gaetz

SUBJECT: One-cent Piece

DATE: January 20, 2026

REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>McMillan</u>	<u>McKay</u>	<u>CM</u>	<u>Favorable</u>
2. _____	_____	<u>FT</u>	_____
3. _____	_____	<u>AP</u>	_____

**I. Summary:**

SB 1074 provides rounding guidelines for dealers making change for the one-cent piece.

If the one-cent piece is no longer in production, and as a result a dealer is unable to round an in-person cash transaction to the whole cent, such transaction is required to be rounded to the nearest nickel. Cash transactions ending in zero or 5 cents are not rounded. Rounding to the nearest nickel does not apply to transactions conducted electronically, and for mixed-tender transactions, rounding to the nearest nickel applies only to the portion of the transaction paid in cash. The bill further clarifies that such rounding does not increase or decrease the amount of tax due for in-person cash transactions, and the tax due must be calculated pursuant to s. 212.12(a), F.S., before rounding to the nearest nickel.

The Florida Deceptive and Unfair Trade Practices Act does not apply to rounding a consumer sale to the nearest nickel if the one-cent piece is no longer in production.

The Revenue Estimating Conference has not yet estimated the revenue impact of this bill.

The bill takes effect upon becoming a law.

**II. Present Situation:**

**Penny Production**

The federal government has stopped manufacturing new pennies, however, the Federal Reserve will continue to recirculate the pennies still in existence, which are roughly 114 billion pennies.<sup>1</sup> The Treasury Department aims to help keep the existing supply of pennies in circulation by

<sup>1</sup> U.S. Department of the Treasury, *Penny Production Cessation FAQs* (December 23, 2025), available at <https://home.treasury.gov/news/featured-stories/penny-production-cessation-faqs> (last visited Jan. 20, 2026).

encouraging the public to spend their on-hand pennies, which will provide a smooth transition and allow retailers and point-of-sale system providers time to adapt to the change.<sup>2</sup>

Merchants will need to round transactions either up or down to the nearest five cents as pennies fall out of circulation.<sup>3</sup> However many states require sales tax to be calculated on the final sale price rounded to the nearest penny, so states and localities may need to amend their sales tax laws.<sup>4</sup>

## Florida Sales and Use Tax

Unless a transaction is exempt, each sale, storage, or rental in Florida is taxable.<sup>5</sup> Sales tax is added to the price of taxable goods or services and collected from the purchaser at the time of sale.<sup>6</sup> Florida levies a 6 percent sales and use tax with the exception of retail sales of new mobile homes (3%), amusement machine receipts (4%), and electricity (6.95%).<sup>7</sup>

When sales tax was not paid at the time of purchase, a use tax is due.<sup>8</sup> The Department of Revenue (DOR) provides the following examples:

- If you buy a taxable item in Florida and did not pay sales tax, you owe use tax.
- If you buy an item tax exempt intending to resell it and then use the item in your business or for personal use, you owe use tax.
- If you buy a taxable item outside Florida and bring it into (or have it delivered into) Florida, and you did not pay sales tax on the item, you owe use tax.<sup>9</sup>

In addition to the state tax, s. 212.055, F.S., authorizes counties to impose discretionary sales surtaxes. A surtax applies to “all transactions occurring in the county which transactions are subject to the state tax imposed on sales, use, services, rentals, admissions, and other transactions by [ch. 212, F.S.], and communications services as defined in ch. 202.”<sup>10</sup> The discretionary sales surtax is based on the tax rate imposed by the county where the taxable goods or services are sold, or are delivered. Discretionary sales surtax rates vary by county in a range from 0.5 to 3.5 percent.<sup>11</sup>

## Dealers

Section 212.06(2)(a), F.S., defines “dealer” as including every person, as used in ch. 212, F.S., who manufactures or produces tangible personal property for sale at retail; for use, consumption,

---

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> The Florida Department of Revenue, *Florida Sales and Use Tax*, available at [https://floridarevenue.com/taxes/taxesfees/Pages/sales\\_tax.aspx](https://floridarevenue.com/taxes/taxesfees/Pages/sales_tax.aspx) (last visited Jan. 20, 2026).

<sup>6</sup> *Id.*

<sup>7</sup> *Id. See also* s. 212.05, F.S.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> Section 212.054, F.S.

<sup>11</sup> Office of Economic and Demographic Research, The Florida Legislature, *2025 Local Discretionary Sales Surtax Rates in Florida’s Counties*, (2025), available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2020.pdf> (last visited Jan. 20, 2026).

or distribution; or for storage to be used or consumed in Florida. The term is further defined to mean and include the following:

- Every person, as used in ch. 212, F.S., who imports, or causes to be imported, tangible personal property from any state or foreign country for sale at retail; for use, consumption, or distribution; or for storage to be used or consumed in Florida.
- Every person, as used in ch. 212, F.S., who sells at retail or who offers for sale at retail, or who has in his or her possession for sale at retail; or for use, consumption, or distribution; or for storage to be used or consumed in Florida, tangible personal property, including a retailer who transacts a substantial number of remote sales or a marketplace provider that has a physical presence in Florida or that makes or facilitates through its marketplace a substantial number of remote sales.
- Any person who has sold at retail; or used, or consumed, or distributed; or stored for use or consumption in Florida, tangible personal property and who cannot prove that the tax levied by ch. 212, F.S., has been paid on the sale at retail, the use, the consumption, the distribution, or the storage of such tangible personal property. However, the term “dealer” does not mean a person who is not a “dealer” under the definition of any other paragraph of s. 212.06(2), F.S., and whose only owned or leased property (including property owned or leased by an affiliate) in Florida is located at the premises of a printer with which it has contracted for printing, if such property consists of the final printed product, property which becomes a part of the final printed product, or property from which the printed product is produced.
- Any person, as used in ch. 212, F.S., who leases or rents tangible personal property, for a consideration, permitting the use or possession of such property without transferring title thereto, except as expressly provided for to the contrary.
- Any person, as used in ch. 212, F.S., who maintains or has within this state, directly or by a subsidiary, an office, distributing house, salesroom, or house, warehouse, or other place of business.
- Every person who solicits business either by direct representatives, indirect representatives, or manufacturers’ agents; by distribution of catalogs or other advertising matter; or by any other means whatsoever, and by reason thereof receives orders for tangible personal property from consumers for use, consumption, distribution, and storage for use or consumption in Florida; such dealer must collect the tax imposed by ch. 212, F.S., from the purchaser, and no action, either in law or in equity, on a sale or transaction as provided by the terms of ch. 212, F.S., may be had in Florida by any such dealer unless it is affirmatively shown that the provisions of this chapter have been fully complied with.
- Every person who, as a representative, agent, or solicitor of an out-of-state principal or principals, solicits, receives, and accepts orders from consumers in Florida for future delivery and whose principal refuses to register as a dealer.
- The state, county, municipality, any political subdivision, agency, bureau or department, or other state or local governmental instrumentality.
- Any person who leases, or grants a license to use, occupy, or enter upon, living quarters, sleeping or housekeeping accommodations in hotels, apartment houses, roominghouses, tourist or trailer camps, real property, space or spaces in parking lots or garages for motor vehicles, docking or storage space or spaces for boats in boat docks or marinas, or tie-down or storage space or spaces for aircraft at airports. The term “dealer” also means any person who has leased, occupied, or used or was entitled to use any living quarters, sleeping or housekeeping accommodations in hotels, apartment houses, roominghouses, tourist or trailer

camps, real property, space or spaces in parking lots or garages for motor vehicles or docking or storage space or spaces for boats in boat docks or marinas, or who has purchased communication services or electric power or energy, and who cannot prove that the tax levied by ch. 212, F.S., has been paid to the vendor or lessor on any such transactions. The term “dealer” does not include any person who leases, lets, rents, or grants a license to use, occupy, or enter upon any living quarters, sleeping quarters, or housekeeping accommodations in apartment houses, roominghouses, tourist camps, or trailer camps, and who exclusively enters into a bona fide written agreement for continuous residence for longer than 6 months in duration with any person who leases, lets, rents, or is granted a license to use such property.

- Any person who sells, provides, or performs a service taxable under ch. 212, F.S. “Dealer” also means any person who purchases, uses, or consumes a service taxable under ch. 212, F.S., who cannot prove that the tax levied by ch. 212, F.S., has been paid to the seller of the taxable service.
- Any person who solicits, offers, provides, enters into, issues, or delivers any service warranty taxable under ch. 212, F.S., or who receives, on behalf of such a person, any consideration from a service warranty holder.
- A forwarding agent, who has applied for and received a Florida Certificate of Forwarding Agent Address from the DOR.

### ***Rounding in Calculation of Sales Taxes***

In 2021, Florida transitioned from the bracket system for calculating sales tax and discretionary sales surtax to a rounding algorithm.<sup>12</sup> Dealers are required to use a rounding algorithm that carries the tax computation to the third decimal place and always rounds up to the nearest whole cent when the third decimal place is greater than 4.<sup>13</sup> The DOR provides the following examples:

- \$5.045 rounds up to \$5.05; and
- \$3.213 rounds to \$3.21.

Dealers may compute the tax by applying the rounding algorithm to the combined taxable amount on an invoice or to the individual taxable items on an invoice.<sup>14</sup>

### **III. Effect of Proposed Changes:**

The bill amends s. 212.12, F.S., to provide rounding guidelines for if the one-cent piece is no longer in production.

If the one-cent piece is no longer in production, and as a result a dealer is unable to round an in-person cash transaction to the whole cent as required in s. 212.12, F.S., such transaction is required to be rounded to the nearest nickel.

Rounding to the nearest nickel is as follows:

- If the final digit of a cash transaction ends in 1 or 2 cents, it must be rounded down to zero.

<sup>12</sup> See ch. 2021-2, Laws of Fla. See also the Florida Department of Revenue, Tax Information Publication (April 28, 2021), available at [https://floridarevenue.com/taxes/tips/Documents/TIP\\_21A01-02.pdf](https://floridarevenue.com/taxes/tips/Documents/TIP_21A01-02.pdf) (last visited Jan. 20, 2026).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* See also s. 212.12(10)(b), F.S.

- If the final digit of a cash transaction ends in 3 or 4 cents, it must be rounded up to 5 cents.
- If the final digit of a cash transaction ends in 6 or 7 cents, it must be rounded down to 5 cents.
- If the final digit of a cash transaction ends in 8 or 9 cents, it must be rounded up to 10 cents.

Cash transactions ending in zero or 5 cents are not rounded.

Rounding to the nearest nickel does not apply to transactions conducted electronically, and for mixed-tender transactions, rounding to the nearest nickel applies only to the portion of the transaction paid in cash. The bill further clarifies that rounding under s. 212.12(b), F.S., does not increase or decrease the amount of tax due for in-person cash transactions, and the tax due must be calculated pursuant to s. 212.12(a), F.S., before rounding to the nearest nickel. Further, rounding will not alter or affect the exact amounts authorized, cleared, or settled through any noncash payment system.

The bill amends s. 501.212, F.S., to provide that the Florida Deceptive and Unfair Trade Practices Act does not apply to rounding a consumer sale to the nearest nickel if the one-cent piece is no longer in production.

The bill takes effect upon becoming a law.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

Not applicable. The bill does not require counties and municipalities to spend funds, limit their ability to raise revenue, or reduce the percentage of a state tax shared with them. Therefore, the mandates provision does not apply.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

##### **D. State Tax or Fee Increases:**

None.

##### **E. Other Constitutional Issues:**

None Identified.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The Revenue Estimating Conference has not yet estimated the fiscal impact of the bill.

**B. Private Sector Impact:**

Dealers will be required to round transactions in accordance with the provisions in the bill.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The timetable by which individual dealers round up or down may be different depending on their ability to access pennies.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 212.12, 501.212.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.