

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 Appropriations

BILL: CS/SB 1074

INTRODUCER: Finance and Tax Committee and Senator Gaetz

SUBJECT: One-cent Piece

DATE: February 17, 2026

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>McMillan</u>	<u>McKay</u>	<u>CM</u>	Favorable
2.	<u>Byrd</u>	<u>Khan</u>	<u>FT</u>	Fav/CS
3.	<u>Byrd</u>	<u>Sadberry</u>	<u>AP</u>	Pre-meeting

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1074 allows sales tax dealers to round cash transactions to the nearest nickel if the 1-cent piece is no longer in production. The bill specifies that rounding applies to cash transactions only. For mixed tender transactions, rounding only applies to the extent that cash is dispersed to the purchaser. Rounding may apply to the amount of the transaction or to the amount of change tendered to the purchaser. Rounding to the nickel does not alter the sales price, the amount of tax collected under ch. 212, F.S., or any surcharges, assessments, or fees imposed on the sale.

The bill provides 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 provides that any cash payment made to a secondary metals recycler under s. 538.235, F.S., shall be made in the full amount due or rounded up to the nearest nickel if the 1-cent piece is no longer in production.

The bill has no impact on revenues or expenditures. See Section V., Fiscal Impact Statement.

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.¹ The Treasury Department aims to help keep the existing supply of pennies in circulation by 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.² Merchants will need to round transactions either up or down to the nearest five cents as pennies fall out of circulation.³

Florida Sales and Use Tax

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

In addition to the state tax, s. 212.055, F.S., authorizes counties and school boards 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.”⁷ 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. In counties with discretionary sales surtaxes, the combined county and school board rates vary from 0.5 to 2 percent. Two counties, Citrus and Collier, have no discretionary sales surtax levies.⁸

Dealers

A person desiring to engage in or conduct business in this state as a dealer must file with the department an application for a certificate of registration. The application must be submitted to the department before the dealer engages in taxable activity.⁹ A dealer is an agent of the State of

¹ 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).

² *Id.*

³ *Id.*

⁴ The Florida Department of Revenue, Florida Sales and Use Tax, available at https://floridarevenue.com/taxes/taxesfees/Pages/sales_tax.aspx (last visited January 20, 2026).

⁵ *Id.*

⁶ *Id.* See also ss. 212.05 and 212.05011, F.S.

⁷ Section 212.054, F.S.

⁸ FLA. DEP’T OF REVENUE, *Discretionary Sales Surtax Information for Calendar Year 2026*, available at https://floridarevenue.com/Pages/forms_index.aspx#discretionary, see DR-15DSS New for 2026, (last visited January 20, 2026).

⁹ Section 212.18(3), F.S.

Florida and must collect sales tax on taxable transactions, remit the tax to the Department of Revenue (DOR), and keep records of taxes and sales and purchases documentation.¹⁰

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.¹¹ 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 4.¹² 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.¹³

Florida Deceptive and Unfair Trade Practices Act

The Florida Deceptive and Unfair Trade Practices Act (FDUTPA) broadly declares unlawful any unfair or deceptive acts or practices committed in the conduct of any trade or commerce. FDUTPA protects the consuming public and legitimate business enterprises from those who engage in unfair methods of competition, or unconscionable, deceptive, or unfair acts or practices in the conduct of any trade or commerce.¹⁴

Cash Payment Limitations for Secondary Metals Recyclers

A secondary metals recycler¹⁵ may not enter into any cash transaction in excess of \$1,000 for the purchase of regulated metals property¹⁶ or in any amount for the purchase of restricted regulated metals property.¹⁷ Payment in excess of \$1,000 for the purchase of regulated metals property

¹⁰ Sections 212.06, 212.11, 212.12, and 212.13, F.S., and Florida Department of Revenue, *New Dealer Guide to Working with the Florida Department of Revenue (GT-800054)*, available at:

https://floridarevenue.com/taxes/businesses/Pages/newbusiness_startup.aspx (last visited January 29, 2026).

¹¹ 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 (last visited Jan. 20, 2026).

¹² *Id.*

¹³ *Id.* See also s. 212.12(10)(b), F.S.

¹⁴ Section 501.201-213, F.S.

¹⁵ The term “secondary metals recycler” means any person who is engaged, from a fixed location, in the business of purchase transactions or gathering or obtaining ferrous or nonferrous metals that have served their original economic purpose or is in the business of performing the manufacturing process by which ferrous metals or nonferrous metals are converted into raw material products consisting of prepared grades and having an existing or potential economic value; or has facilities for performing the manufacturing process by which ferrous metals or nonferrous metals are converted into raw material products consisting of prepared grades and having an existing or potential economic value, other than by the exclusive use of hand tools, by methods including, without limitation, processing, sorting, cutting, classifying, cleaning, baling, wrapping, shredding, shearing, or changing the physical form or chemical content thereof. See section 538.18(11), F.S.

¹⁶ The term “regulated metals property” means any item composed primarily of any nonferrous metals. The term does not include aluminum beverage containers, used beverage containers, or similar beverage containers; however, the term includes stainless steel beer kegs and items made of ferrous metal obtained from any restricted regulated metals property. See section 538.18(9), F.S.

¹⁷ The term “restricted regulated metals property” means any regulated metals property listed in s. 538.26(5)(b) the sale of which is restricted as provided in s. 538.26(5)(a). See section 538.18(10), F.S.

shall be made by check issued to the seller of the metal and payable to the seller. Payment for the purchase of restricted regulated metals property shall be made by check issued to the seller of the metal and payable to the seller or by electronic payment to the seller's bank account or the seller's employer's bank account.¹⁸

III. Effect of Proposed Changes:

The bill amends s. 212.12, F.S., to define cash to have the same meaning as defined in 12 U.S.C. s. 4001, which means United States coins and currency, including Federal Reserve notes.

The bill also amends s. 212.12, F.S., to specify that if the 1-cent piece is no longer in production, an in-person cash transaction may be rounded to the nearest nickel using the following methodology:

- If the final digit of a cash transaction ends in 1 or 2 cents, it must be rounded down to zero.
- 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 0 or 5 cents are not rounded.

Rounding to the nickel applies only to cash transactions. Rounding to the nickel does not apply to any transaction for which payment is made by a noncash method, including electronic funds transfer; check; gift card; money order; credit card; or mixed tender, except to the extent that cash is dispersed to the purchaser. Rounding to the nickel may apply to the amount of the transaction or to the amount of change tendered to the purchaser.

Rounding to the nickel does not alter the sales price,¹⁹ the amount of tax collected under ch. 212, F.S., or any surcharges, assessments, or fees imposed on the sale. Rounding to the nickel does not alter or affect the exact amounts authorized, cleared, or settled through any noncash payment system or electronic transaction.

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 also amends s. 538.235, F.S., to provide that any cash payment made to a seller under s. 538.235, F.S., shall be made in the full amount due or rounded up to the nearest nickel if the 1-cent piece is no longer in production.

The bill takes effect upon becoming a law.

¹⁸ Section 538.235, F.S.

¹⁹ See section 212.02(16), F.S.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18 of the Florida Constitution governs the passage of laws that require counties and municipalities to spend funds, limit the ability of counties and municipalities to raise revenue, or reduce the percentage of state tax shared with counties and municipalities.

Article VII, s. 18(b) of the Florida Constitution provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. However, the mandates requirements do not apply to laws having an insignificant impact,²⁰ which is \$2.4 million or less for Fiscal Year 2026-2027.²¹

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 may not apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

Article VII, s. 19 of the Florida Constitution requires legislation pass each chamber by a 2/3 vote and be contained in a separate bill with no other subject if the legislation imposes, authorizes an imposition, increases, or authorizes an increase in a state tax or fee or if it decreases or eliminates a state tax or fee exemption or credit.

The bill does not affect the imposition or increasing of a state tax or fee nor decreases or eliminates a state tax or fee exemption or credit. Thus, the constitutional requirements may not apply.

E. Other Constitutional Issues:

None Identified.

²⁰ An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. See FLA. SENATE COMM. ON COMTY. AFFAIRS, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Jan. 20, 2026).

²¹ Based on the Demographic Estimating Conference's estimated population adopted on June 30, 2025, <https://edr.state.fl.us/Content/conferences/population/archives/250630demographic.pdf> (last visited Jan. 20, 2026).

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

The Revenue Estimating Conference determined that CS/SB 1074 has no impact on revenue.²²

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The timetable by which individual dealers and secondary metal recyclers round 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, and 538.235.

IX. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS by Finance and Tax on February 12, 2026:**

The committee substitute:

- Makes rounding to the nearest nickel permissible rather than mandatory.
- Defines “cash” to have the same meaning as defined in 12 United States Code section 4001, which is United States coins and currency, including Federal Reserve notes.
- Specifies that rounding applies only to cash transactions and does not apply to any transaction for which payment is made by a noncash method, except to the extent that cash is dispersed to the purchaser.
- Specifies that rounding does not alter the sales price, the amount of sales tax collected, or any surcharges, assessments, or fees.
- Allows rounding to apply to the amount of the transaction or the amount of change tendered to a purchaser.

²² Revenue Estimating Conference, *Rounding Rules for Cash Transactions, CS/SB 1074*, available at: <https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2026/pdf/impact0213.pdf> (last visited Feb. 13, 2026).

- Requires that any cash payment made to a seller of certain metals shall be made in the full amount due or rounded up to the nearest nickel if the one cent piece is no longer in production.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
