

**FLORIDA HOUSE OF REPRESENTATIVES  
FINAL BILL ANALYSIS**

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

<b>BILL #:</b> <a href="#">CS/CS/HB 951</a> <b>TITLE:</b> One-cent Piece <b>SPONSOR(S):</b> McFarland and Overdorf	<b>COMPANION BILL:</b> <a href="#">CS/SB 1074</a> (Gaetz) <b>LINKED BILLS:</b> None <b>RELATED BILLS:</b> None
<b>FINAL HOUSE FLOOR ACTION:</b> 111 Y's      1 N's <b>GOVERNOR'S ACTION:</b> Approved	

**SUMMARY**

**Effect of the Bill:**

The bill establishes rounding procedures for sales tax dealers who, due to the discontinuation of the penny, are unable to provide exact change. Under the bill, cash transactions may be rounded to the nearest nickel after the calculation of tax is accounted for. The bill confirms that rounding cash transactions in this manner does not alter the amount of tax owed. The bill also provides rounding provisions for cash payments made to secondary metals recyclers.

Additionally, the bill provides that the Florida Deceptive and Unfair Trade Practices Act does not apply to the rounding of consumer sales to the nearest nickel when the penny is no longer in production.

**Fiscal or Economic Impact:**

The Revenue Estimating Conference estimated the bill will not impact state or local government revenues.

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**ANALYSIS**

**EFFECT OF THE BILL:**

CS/CS/HB 951 passed as [CS/SB 1074](#).

The bill establishes rounding procedures for sales tax [dealers](#) who, due to the discontinuation of the penny, are unable to provide exact change. Specifically, the bill provides that if the one-cent piece (the penny) is no longer in [production](#), an in-person cash transaction may be rounded to the nearest nickel.

The rounding rules for cash transactions, to be applied after tax is calculated and added to the sales price, would be as follows:

<u>For amounts ending in:</u>	<u>Then round:</u>
one or two cents	down to zero cents
three or four cents	up to five cents
six or seven cents	down to five cents
eight or nine cents	up to ten cents

Transactions already ending in zero or five cents are unchanged, and are not rounded.

The bill provides that cash has the same meaning as under 12 U.S.C. s. 4001, which defines cash as “United States coins and currency, including Federal Reserve notes.”<sup>1</sup> The bill provides that noncash methods include:

- Electronic funds transfer;
- Check;
- Gift card;
- Money order;
- Credit card; and
- The noncash portion of a mixed tender transaction. (Section 1).

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 provides that rounding does not increase or decrease the amount of [sales tax](#) due for in-person cash transactions. Further, rounding will not alter or affect the exact amounts authorized, cleared, or settled through any noncash payment system. (Section 1)

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. (Section 2)

The bill amends [s. 538.235, F.S.](#), to provide that cash payments made to [secondary metals recyclers](#) must be made in full or rounded up to the nearest nickel if the one-cent piece is no longer in production. (Section 3)

The bill was approved by the Governor on May 11, 2026, ch. 2026-68, L.O.F. and became effective on that date. (Section 4)

#### **FISCAL OR ECONOMIC IMPACT:**

##### STATE GOVERNMENT:

The Revenue Estimating Conference estimated that the bill will not impact state government revenues.

##### LOCAL GOVERNMENT:

The Revenue Estimating Conference estimated that the bill will not impact local government revenues.

## **RELEVANT INFORMATION**

#### **SUBJECT OVERVIEW:**

##### [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>2</sup> 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.<sup>3</sup>

<sup>1</sup> Federal reserve notes are United States dollar bills. See The Bureau of Engraving & Printing, *Currency*, <https://www.bep.gov/currency> (last visited March 12, 2026).

<sup>2</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 March 12, 2026).

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

Merchants may round transactions either up or down to the nearest five cents as pennies fall out of circulation.<sup>4</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>5</sup>

Other countries, (e.g., Canada,<sup>6</sup> the Bahamas,<sup>7</sup> and several European Union countries<sup>8</sup>) have implemented rounding policies that eliminate the use of the one-cent coin in cash transactions using the same basic tenets:

- Round cash purchases down to the nearest nickel for totals ending in 1, 2, 6 or 7; round up to the nearest nickel for those ending in 3, 4, 8 or 9.
- Applies to only cash transactions.
- Occurs at the end of the transaction (after taxes are applied).
- Doesn't change the price for those possessing exact change.

Some states have proposed legislation or acted through state agencies<sup>9</sup>:

- Proposed legislation in New York ([Assembly Bill A9274](#) and companion [Senate Bill S8580](#)) would require merchants to round final cash transactions based on the final cost of the item.
- [Utah](#) and [Texas](#) have provided guidelines on rounding.

The Florida Department of Revenue has published a Taxpayer Information Publication (TIP) advising retailers they must calculate Florida sales tax and discretionary sales surtax (local sales tax) on the actual sales price prior to any rounding<sup>10</sup>. The TIP also advises dealers to disclose their rounding methods for cash transactions prominently within the business.

### [Sales Tax](#)

Florida's sales and use tax is a six percent levy on retail sales of a wide array of tangible personal property, admissions, transient lodgings, and commercial real estate rentals,<sup>11</sup> unless expressly exempted. Generally, the sales tax is added to the price of a taxable good and collected by the dealer from the purchaser at the time of sale. Sales tax represents the majority of Florida's General Revenue (projected 73.9 percent for FY 2024-25)<sup>12</sup> and is administered by the Department of Revenue (DOR) under ch. 212, F.S. Sales tax revenue is distributed via a formula found in [s. 212.20, F.S.](#), with roughly 89.6% going to the General Revenue Fund, 10.3% going to local governments,<sup>13</sup> and the remainder being distributed to specified trust funds or sports facilities.

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

<sup>5</sup> *Id.*

<sup>6</sup> *Eliminating the Penny*, available at <https://www.budget.canada.ca/2012/themes/theme2-eng.pdf> (last visited March 12, 2026).

<sup>7</sup> *Elimination of the One Cent Coin*, available at <https://cdn.centralbankbahamas.com/download/075913500.pdf> (last visited March 12, 2026).

<sup>8</sup> *Rounding Rules and Cash Inflation When We No Longer Make Sense*, Federal Reserve Bank of Atlanta, available at <https://www.atlantafed.org/research-and-data/publications/policy-hub-macroblog/2025/11/03/rounding-rules-and-cash-inflation-when-we-no-longer-make-cents> (last visited March 12, 2026).

<sup>9</sup> National Conference of State Legislatures, *With Demise of the Penny, States Prepare for Change* by Joe Livingston (December 11, 2025) available at <https://www.ncsl.org/state-legislatures-news/details/with-demise-of-the-penny-states-prepare-for-change> (last visited March 12, 2026).

<sup>10</sup> [https://floridarevenue.com/taxes/tips/Documents/TIP\\_25A01-18.pdf](https://floridarevenue.com/taxes/tips/Documents/TIP_25A01-18.pdf)

<sup>11</sup> Commercial real estate rentals are subject to a 2.0% sales tax pursuant to [s. 212.031\(1\)\(c\), F.S.](#)

<sup>12</sup> The Office of Economic and Demographic Research, *2024 Florida Tax Handbook*, p. 16 (last visited March 12, 2026).

<sup>13</sup> The local government distributions include the Local Government Half-Cent Sales Tax Clearing Trust Fund under [s. 218.61, F.S.](#), county and municipal revenue sharing trust funds under [s. 218.215, F.S.](#), emergency distributions under [s. 218.65, F.S.](#), and a shift of a specified amount to counties that used to be funded from pari-mutuel revenues pursuant to [s. 212.20\(6\)\(d\)6.a., F.S.](#)

For FY 2025-26, the Revenue Estimating Conference estimates that the sales tax collections under chapter 212, F.S., will result in more than \$41 billion of total revenue, with distributions to the General Revenue Fund of roughly \$37.4 billion.<sup>14</sup>

In 2021, Florida transitioned from the bracket system for calculating sales tax and discretionary sales surtax to a rounding algorithm.<sup>15</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>16</sup> The DOR provides the following examples:<sup>17</sup>

- \$5.045 rounds up to \$5.05; and
- \$3.213 rounds down 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>18</sup>

### **Dealer**

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, or distribution; or for storage to be used or consumed in Florida. The term is further defined with specifics in s. [212.06, F.S.](#)

### **Florida Deceptive and Unfair Trade Practices Act (FRUTPA)**

Defined in Part II of Chapter 501, F.S., the FRUTPA is Florida’s main consumer-protection and fair-competition statute designed to police the marketplace making it unlawful to engage in unfair methods of competition or deceptive and unconscionable acts in the conduct of trade or commerce.

Section [501.212, F.S.](#), provides circumstances in which the FRUTPA rules do not apply.

### **Secondary Metals Recyclers**

Section [538.18\(11\), F.S.](#), defines “secondary metals recycler” as a 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.

<sup>14</sup> Revenue Estimating Conference on [General Revenue](#), held January 23, 2026 (last visited March 12, 2026).

<sup>15</sup> See ch. 2021-2, Laws of Fla. See also the Florida Department of Revenue, Tax Information Publication (March 12, 2026), available at [https://floridarevenue.com/taxes/tips/Documents/TIP\\_21A01-02.pdf](https://floridarevenue.com/taxes/tips/Documents/TIP_21A01-02.pdf) (last visited March 12, 2026).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* See also s. [212.12\(10\)\(b\), F.S.](#)