COMMONWEALTH of VIRGINIA

Department of Taxation

November 16, 2026

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee

The Honorable Luke E. Torian
Chair, House Appropriations Committee

The Honorable Vivian E. Watts
Chair, House Finance Committee

Dear Chairs Lucas, Torian, and Watts,

During the 2026 Session, House Bill 954 required the Department of Taxation ("Virginia Tax") to evaluate options and recommend a uniform statewide procedure for localities to adjust bills and account balances for taxes and other charges paid by cash transactions following the cessation of penny production by the United States Mint. Virginia Tax was further directed to report its findings and recommendations to the Chairs of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations. The final report of the workgroup is enclosed.

If you have any questions or comments regarding the study or the enclosed report, please do not hesitate to contact me.

Sincerely,

Kristin Collins

Kristin Collins
Tax Commissioner
Commonwealth of Virginia

c: The Honorable Mark D. Sickles, Secretary of Finance

Study of Penny Rounding
Pursuant to House Bill 954
Report

Department of Taxation

November 1, 2026

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Executive Summary

Purpose and Scope

This report fulfills the directive in the third enactment of House Bill (HB) 954 requiring the Department of Taxation ("Virginia Tax") to evaluate options and recommend a uniform statewide procedure for localities to adjust bills and account balances for taxes and other charges paid by cash transactions following the cessation of penny production by the United States Mint. Virginia Tax was further directed to report its findings and recommendations to the Chairs of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations no later than November 1, 2026. A copy of the enacted legislative mandate is attached as **Appendix A.**

HB 954 provides localities temporary authority to adopt rounding procedures through July 1, 2027. To develop recommendations for a permanent statewide framework, Virginia Tax considered the legislative history of HB 954, international and multistate approaches to cash rounding, discussion at the July 23, 2026 workgroup meeting, final survey responses from localities and other governmental entities, and the estimated fiscal effects of alternative rounding methods.

Key Findings

The final survey included responses from 43 unique localities, of which 34 reported accepting cash payments. Survey responses generally support the need for a uniform statewide approach. Among cash-accepting respondents, 91 percent reported either having no local rounding procedure or waiting for a statewide procedure. Among respondents expressing a preference between the two principal rounding approaches, 79 percent preferred symmetric nearest-nickel rounding.

The survey also identified differences in billing-system capabilities, treatment of small residual balances, installment payments, and implementation readiness. These differences indicate that permanent legislation should establish a consistent statewide rule while providing sufficient clarity for localities and their system vendors to implement it.

Recommendation

The workgroup recommends a uniform statewide procedure using symmetric nearest-nickel rounding for cash payments. Under this approach, amounts ending in one or two cents or six or seven cents would round down; amounts ending in three or four cents or eight or nine cents would round up; and amounts ending in zero or five cents would remain unchanged.

Rounding should apply only to the final cash payment amount and should not alter the calculation, reporting, or remittance of the underlying tax or charge. Non-cash payments capable of being settled to the exact cent should remain unaffected. Permanent legislation should also provide clear authority and procedures for addressing sub-nickel residual balances resulting from cash rounding.

Additional issues requiring clarification include the definition of a cash transaction, third-party cash payment channels, the timing of rounding, installment payments, penalty and interest, public notice, and implementation timing. These matters are discussed in greater detail in the body of this report.

Background

This section explains the federal cessation of penny production, the legislative evolution of HB 954, and the statutory constraints that necessitate a uniform statewide rounding procedure.

The Cessation of the Penny Production

The United States Mint ceased production of the one cent coin for circulation in 2025. Under 31 U.S.C. §§ 5111(a) and 5112, the Secretary of the Treasury suspended production after determining that new pennies were no longer necessary to meet national currency needs. Each penny costs the federal government 3.69 cents to manufacture, resulting in an estimated annual production cost of roughly $56 million.

The final batch of pennies entered circulation in early 2026. Pennies remain legal tender, but supply will diminish naturally as coins are lost, hoarded, or damaged without replacement. States are therefore developing implementation frameworks during a transition period in which exact penny change may remain intermittently available.

Congress introduced companion bills, H.R. 3074 and S. 1525, the Common Cents Act, proposing a uniform federal cash rounding requirement. H.R. 3074 passed the House on July 14, 2026, and the Senate passed companion bill S. 1525 by unanimous consent on August 7, 2026. Congress subsequently considered H.R 10167, also titled the Common Cents Act, which passed the House on September 14, 2026, and the Senate on September 28, 2026. As of October 6, 2026, H.R. 10167 has not yet been signed into law. States have accordingly continued developing their own rounding policy absent federal action. Only a small number of states have enacted rounding laws, and only Indiana and Kentucky have enacted rules specifically governing rounding for government collections.

Virginia's Response: House Bill 954 (2026)

HB 954 was introduced in the 2026 Session and enacted on April 13, 2026, effective July 1, 2026. The bill underwent significant structural changes between introduction and enrollment that have substantive implications for the permanent legislation this report recommends.

As introduced, HB 954 would have added a new section, *Va. Code* § 58.1-3916.03, establishing a standing statutory authority for localities to adopt rounding procedures. The introduced text was not limited to cash payments and did not address when taxes are calculated relative to rounding. The House Finance Committee substitute made two main changes:

- Added two new sections to Article 1 of Chapter 2 of Title 6.2. *Va. Code* § 6.2-200.1 would have allowed any person to round cash transactions, including cash wages, to the nearest five cents. *Va. Code* § 6.2-200.2 would have required taxes and fees imposed by state taxing authorities or by the seller to be calculated and remitted based on the sales price before any cash rounding and would have protected sellers who act in compliance.
- Retained the proposed *Va. Code* § 58.1-3916.03 but clarified that taxes and fees must continue to be calculated, reported, and remitted using the exact pre-rounding amount.

The Senate Finance and Appropriations Committee amended HB 954 to:

- Kept *Va. Code* §§ 6.2-200.1 and 6.2-200.2 as they appeared in the House substitute,
- Removed *Va. Code* § 58.1-3916.03 from the bill entirely. Instead, the locality rounding authority was placed in Enactment 2 of the bill, which would operate as an uncodified temporary provision that would expire no later than July 1, 2027.
- Directed Virginia Tax to evaluate options and recommend a uniform statewide procedure for localities by November 1, 2026.

The General Assembly ultimately enacted HB 954, as amended by the House Finance Committee and further amended by the Senate Finance and Appropriations Committee, as Chapter 713 of the 2026 Acts of Assembly. This report has been prepared in accordance with that act. The enacted bill therefore combines:

- A permanent rule in *Va. Code* § 6.2-200.1 allowing cash transactions to be rounded to the nearest five cents;

- A permanent rule in *Va. Code* § 6.2-200.2 requiring taxes and fees imposed by state taxing authorities or by the seller to be calculated before rounding, with protection for sellers who comply;
- Temporary locality authority to adopt rounding procedures through July 1, 2027; and
- A directive to Virginia Tax to recommend a permanent statewide procedure.

Legislation addressing cash rounding after penny cessation has also emerged in other states, though the specific provisions differ significantly from Virginia's approach and from one another. Pennsylvania's 2026 HB 2388, which has advanced to the Senate, was directly initiated after a county treasurer reported administrative strain caused by penny elimination. Ohio's 2026 HB 737 would apply rounding to state and local government cash payments, but no action has been taken on the bill since June 2026. Kentucky enacted symmetric rounding for local government collections in July 2026. Indiana enacted always-down rounding for local government collections in March 2026. A reference copy is included in **Appendix B**.

The Dillon Rule and Its Significance

Virginia is a Dillon Rule state. Localities may exercise only those powers expressly granted by the General Assembly or necessarily implied therefrom. Rounding a tax bill or writing off an account balance is neither an inherent nor an implied power. Without express statutory authority, localities may be required to collect the exact amount.

HB 954 temporarily grants express authority for rounding and write-off of sub-nickel balances, but only through July 1, 2027. After that date, absent new legislation, localities may again lack authority to round bills or write off residual balances. Permanent legislation therefore may be needed to grant such authority.

The experience of Wisconsin is instructive. In December 2025, the Wisconsin Department of Revenue issued guidance directing municipalities that property tax bills may not be rounded and must be collected to the exact cent. A reference copy is included in **Appendix B**.

International Experience

Multiple countries have eliminated their lowest-denomination coins and adopted cash-rounding systems. Jurisdictions including Australia (1992), Canada (2013), New Zealand (1990 and 2006), Switzerland (2007), Finland, and the Netherlands have all implemented nearest-five-unit rounding for cash transactions.

Across the jurisdictions reviewed, the same operational rule generally applies: "calculate first, round last". Taxes and charges are computed on the exact pre-rounding amount and rounding applies only to the final cash payment total. Electronic payments always settle to the exact cent.

Multistate Landscape

Many states have addressed cash rounding for retail transactions through enacted legislation or agency guidance. However, Virginia Tax identified two states, Kentucky and Indiana, that have enacted legislation specifically governing rounding for government tax collections. The table below also includes two pending bills and Wisconsin's property tax guidance. Reference copies are included in Appendix B.

State	Action	Covers Localities?	Key Rule and Significance for Virginia
Indiana	Statute (SB 243, Mar. 5, 2026)	Yes	Local governments must always round DOWN; private retailers may round up or down.
Kentucky[1]	Statute (HB 757, Apr. 14, 2026)	Yes	Local governments must use symmetric nearest-nickel rounding; private retail rounding direction is discretionary.
Ohio	Pending (HB 737)	Yes — if enacted	Applies symmetric nearest-nickel rounding to state and local government cash payments only.
Pennsylvania[2]	Pending (HB 2388)	Yes — if enacted	Applies symmetric nearest-nickel rounding across private and public sectors, including municipalities.
Wisconsin[3]	Agency guidance (property tax, Dec. 1, 2025)	Yes — prohibits rounding	Property tax bills cannot be rounded; exact amount must be collected. Municipalities directed to seek legal counsel. The only jurisdiction identified to expressly prohibit government collection rounding.
Wisconsin	Agency guidance (sales tax, Mar. 10, 2026)	No — retail only	Sales tax calculation unaffected; guidance on retailer rounding practices.

[1] Kentucky adopted symmetric nearest-nickel rounding for cash transactions applied post-tax, meaning the total amount due, including all taxes and fees, is determined to the exact cent, and only then is the final cash payment rounded to the nearest-nickel. The Kentucky Department of Revenue had also issued prior guidance consistent with this approach, specifying that rounding cannot affect the calculation of the state's 6 percent rate. Kentucky's statute represents an enacted model for the "calculate tax, then round" principle.

[3] Wisconsin's December 1, 2025, property-tax guidance is the only example of a jurisdiction expressly prohibiting rounding for government tax collections. The Wisconsin Department of Revenue stated that property tax bills cannot be rounded up or down and that the exact amount must be collected and directed municipalities experiencing exact-change difficulties to consult legal counsel rather than adopting ad hoc rounding.

Several states beyond those in the table above have issued agency guidance consistent with the approach adopted by most states (symmetric nearest-nickel rounding applied to the cash payment total, with tax calculated first), including Colorado, Georgia, Iowa, Maryland, Michigan, Minnesota, New Jersey, North Carolina, Oklahoma, South Carolina, South Dakota, Texas, and Washington. Bills failed or stalled in Kansas, Mississippi, West Virginia, and Wyoming.

Meeting of the Workgroup – July 23, 2026

This section summarizes the operational realities identified by localities and stakeholders during the July 23rd meeting and highlights areas requiring further analysis.

The meeting of the workgroup took place on July 23, 2026. The meeting introduced the study mandate, outlined the scope of the workgroup's charge, and conducted an extended open forum with locality officials. Participants included:

- Delegate Watts, Chair of the House Committee on Finance and patron of HB 954,
- Representatives of local and industry stakeholders,
- Staff from the Senate Finance and Appropriations Committee, and
- Staff from Virginia Tax.

The Group Participant List is attached as **Appendix C**. The presentation from the July 23rd meeting is attached as **Appendix D**.

The meeting agenda included a Virginia Tax presentation covering: the statutory background of HB 954; the international experience with penny elimination and cash rounding in Canada, Australia, and other jurisdictions; the emerging multistate landscape and the position of the National Conference of State Legislatures; and two primary rounding options under consideration. Following the presentation, the meeting moved to an open forum organized around a series of questions covering cash payment volume, rounding method preference, sub-nickel residual treatment, billing system readiness, implementation timeline, and additional gaps.

Cash Payment Volume and Trends

Localities reported that cash payments constitute a small but meaningful portion of total transactions. One locality noted that cash payments represent approximately 20 percent of its total payments, while others noted that cash represents well below one percent. No locality presented comprehensive data on cash payment volume by category at the meeting. At that time, the workgroup identified the locality survey as

an important source of additional information on the scope of the operational problem across the Commonwealth.

Several localities reported slight declines in cash usage over time. However, participants also noted that third-party retail payment channels may obscure cash trends because customers pay in cash at retail locations, but the payment is transmitted electronically to the locality. As one participant explained, “that comes to us electronic” even though the customer pays cash at the store. This dynamic reduces direct cash handling but introduces vendor coordination and business rule considerations.

Rounding Method

Virginia Tax presented two primary rounding approaches for the workgroup’s consideration:

- Symmetric nearest-nickel rounding, in which amounts are rounded up or down depending on the cents digit; and
- Always-down rounding for government collections, the approach adopted by Indiana under Senate Bill 243, in which government tax and fee collections are always rounded down to the nearest-nickel.

Discussion reflected a general preference for the symmetric approach. Members cited its revenue-neutrality over large transaction volumes and its consistency with the approaches taken internationally and by other states. With the always-down approach, members expressed concern about the payment-method disparity it creates. A taxpayer paying a $100.03 bill in cash under the always-down model would pay $100.00, while a taxpayer paying the same bill electronically would pay $100.03. Over many transactions, this disparity could generate small but cumulative revenue shortfalls for localities and create complexity in reconciling accounts where the same bill is paid differently by different taxpayers.

Sub-Nickel Residuals

The workgroup discussed at length how to handle balances of less than five cents remaining after a rounding adjustment. Two approaches were considered: write-off at the time of payment (under which any balance under five cents is cleared as part of the transaction) and carry-forward (under which the sub-nickel balance rolls to the taxpayer’s next bill). Discussion favored the write-off approach, on the grounds that the administrative cost of tracking, billing, and collecting a sub-nickel balance could exceed the revenue value of that balance.

One participating Treasurer noted that her office already writes off small balances periodically, typically on an annual basis, and expressed support for a clear statutory threshold for write-off at the sub-nickel level. Several members expressed a preference for write-off to occur at the time of payment rather than being accumulated and written off in bulk, to avoid carrying de minimis receivables on the locality's books.

A question was raised regarding positive residuals, overpayments of less than five cents resulting from rounding up. Under symmetric rounding, a bill of $100.03 rounded up to $100.05 results in a $0.02 overpayment. The workgroup generally agreed that the same write-off logic should apply symmetrically: a positive residual of less than five cents need not be refunded or credited to the taxpayer's account. Members noted that applying a consistent rule in both directions would simplify administration and align with how other jurisdictions have addressed the issue.

Members noted the Dillon Rule implications of write-off authority, as discussed in the Background section above. Any permanent framework should affirmatively address authority for localities to write off sub-nickel balances in both directions.

Billing System Readiness

The workgroup discussed the technology readiness of locality billing systems at length, and this discussion produced the most significant area of open uncertainty in the workgroup's deliberations. At least one participating locality noted that implementing symmetric nearest-nickel rounding would require programmatic changes across multiple payment channels, negotiations with vendors, system testing, and in some cases new procurement processes. The member emphasized that early guidance and as much lead time as possible is essential for localities to complete those updates before any legislation's effective date.

Members noted considerable variation in system capabilities across Virginia's localities. Larger localities with sophisticated billing platforms are likely to be able to implement rounding with relatively limited friction. Smaller localities, which may rely on older or less configurable systems, may face greater challenges and may need additional time or technical assistance from Virginia Tax. Virginia Tax stated that it would explore coordination with stakeholders to assess readiness statewide.

The question of third-party delinquent collectors was also raised. Some localities contract with outside firms to collect delinquent tax bills. If those collectors accept cash payments on behalf of the locality, they may also need to implement rounding, which could require contract amendments or new procurement processes depending on the scope and terms of the existing agreements. Survey responses provide additional

information regarding the use of third-party collectors and the potential need for vendor or contractual changes.

Implementation Timeline and Transition Relief

The workgroup discussed whether July 1, 2027, the expiration date of HB 954's temporary authority, is a realistic effective date for the uniform statewide procedure. At the July 23rd meeting, members deferred a definitive answer on the July 1, 2027, implementation date pending additional information on billing-system readiness. The survey responses now show that readiness varies across jurisdictions and that some may need additional time for vendor programming, system changes, testing, procurement, or other operational adjustments. The permanent framework should therefore consider an implementation timeline and transition relief to account for these practical constraints.

Other Issues Raised

Two additional issues were raised during the open forum. First, a workgroup member asked whether the State Auditor of Public Accounts should have a defined role in overseeing or auditing locality implementation of the rounding procedure, given that localities report revenues to the Auditor annually. Virginia Tax stated that it would inform the Auditor's office of this study. Second, Virginia Tax staff noted that the agency generally no longer accepts cash payments and processes payments electronically.

Circulation of Draft Report

Following the workgroup meeting, the Department circulated a draft of this report to stakeholders and invited written comments. Stakeholders were provided an opportunity to review and comment on both the workgroup's discussions and the draft report. No written comments were received prior to or following circulation of the draft report.

Legislative Options

This section evaluates the core policy choices available to the General Assembly and their operational implications for localities.

Virginia Tax and the workgroup evaluated two core policy questions:

1. Which rounding direction should apply to cash payments?

a. **Symmetric nearest-nickel rounding**, under which amounts ending in 1–2 or 6–7 cents round down and amounts ending in 3–4 or 8–9 cents round up. This approach is generally revenue-neutral over large volumes and consistent with international practice and multistate landscape.

b. **Always-down rounding for government collections**, under which all cash payments to localities are rounded down to the nearest nickel. This is Indiana's approach. This ensures government never collects more than the exact computed amount from a cash-paying taxpayer, but it creates a payment-method disparity between cash and electronic payers and produces small cumulative revenue reductions.

2. **How should sub-nickel residual balances be handled?**

    a. **Write-off of any residual balance under five cents, in either direction;**

    b. **Carry-forward** of sub-nickel balances to the taxpayer's next bill, which requires ongoing tracking and was generally viewed by the workgroup as operationally inefficient.

The workgroup's discussion reflected a clear preference for symmetric nearest-nickel rounding combined with write-off of sub-nickel residuals, applied only to the cash payment amount and never to the underlying tax calculation. Survey responses generally reinforce the need for a uniform rule while also showing that system capabilities and implementation timelines vary across entities.

Tax Administration Considerations

This section outlines the administrative requirements necessary to ensure consistent, accurate, and legally compliant implementation across localities.

Separation of Rounding from Tax Calculation

The principle, applied in most of the jurisdictions reviewed, is that rounding applies only to the final cash payment amount and does not alter the calculation, reporting, or remittance of the underlying tax. A real property tax bill of $2,347.03 paid in cash would be settled for $2,347.05 under symmetric rounding. The $2,347.03 remains the amount of tax billed and recorded. The $0.02 difference is not additional tax, and the legislation should specify how it is recorded.

Sub-Nickel Write-Off: Dillon Rule Requirement

The workgroup recommends that the permanent legislation expressly authorizes localities to address account balances of less than five cents in either direction: negative residuals (unpaid balances of less than five cents remaining after rounding down) and positive residuals (overpayments of less than five cents resulting from rounding up).

As discussed in the Background section, Virginia localities cannot write off any account balance without express statutory authority under the Dillon Rule. The permanent legislation could supply this authority directly.

For a uniform procedure to work consistently, the permanent framework should address three points: (1) whether write-off occurs at the time of the cash payment transaction; (2) whether any further billing, tracking, or collection action is required for a balance below five cents; and (3) whether the authority applies in both directions, covering both the write-off of unpaid balances and overpayment credits of less than five cents.

Accounting and Reconciliation

Localities will need to establish a rounding variance account in their general ledgers to capture the net effect of rounding adjustments. Under symmetric rounding, these variances will be approximately zero in aggregate over large transaction volumes.

Electronic and Non-Cash Payments

Electronic payments, credit card, debit card, online portal payments, and checks are processed to the exact cent and are not affected by cash rounding. The uniform procedure should clearly distinguish cash transactions from electronic and other non-cash payments. Additional guidance is needed regarding physical currency received through drop boxes, self-service kiosks, and third-party payment channels. Localities should communicate to taxpayers that those wishing to pay the exact amount stated on their bill may do so using a non-cash payment method that settles to the exact cent.

Third-Party Payment Channels

Several localities noted that third-party retail payment channels may obscure cash trends because customers pay cash at retail locations, but the payment is transmitted electronically to the locality. As one participant explained, “that comes to us electronic” even though the customer pays cash at the store. Because these payments may be

tendered in cash but not physically received by the locality, permanent legislation must clarify whether rounding applies in these circumstances.

Third-Party Delinquent Collectors

The question of third-party delinquent collectors was also raised. Some localities contract with outside firms to collect delinquent tax bills, and those firms may accept cash payments on the locality's behalf. Because these payments may be tendered in cash but remitted electronically to the locality, permanent legislation must clarify whether rounding applies in these circumstances.

Survey Findings

Virginia Tax distributed the Penny Rounding Workgroup survey dated August 19, 2026, to obtain information on cash-payment volume, current practices, rounding preferences, residual-balance treatment, system readiness, and implementation timing. A copy of the Survey is attached as **Appendix E**. The final locality analysis includes 43 unique responding localities: 9 of 38 independent cities (24 percent), 26 of 95 counties (27 percent), and 8 towns. A town response rate is not reported because the survey distribution list was not confirmed. Responses were self-selected, so the results describe respondents rather than the Commonwealth as a whole.

Thirty-four responding localities reported accepting cash: 5 cities, 8 towns, and 21 counties. The table below summarizes the findings most directly relevant to the permanent statewide framework.

Finding	Result	Base
No local rounding procedure adopted	91%	34
Explicitly waiting for statewide procedure	38%	34
Cash volume flat or decreasing	85%	34
200 or fewer cash transactions per week	83%	30
Cash <=5% of payment dollars	63%	24
Prefer symmetric rounding among A/B choices	79%	19
Already write off small balances	38%	34
Need <=12 months, among those estimating time	95%	19
Requested model ordinance language	53%	34
Requested extension of temporary authority	44%	34
Requested financial assistance	44%	34

For the weekly-volume measure, 30 localities supplied a usable single range: 2 reported fewer than 10 cash transactions per week, 11 reported 10 to 50, 12 reported 51 to 200, and 5 reported more than 200. Among the 24 localities that reported cash as a share of payment dollars, the median was 3.9 percent, the mean was 6.4 percent, and the reported range was 0.5 percent to 25 percent.

Rounding Method and Revenue

Fifteen localities preferred symmetric nearest-nickel rounding (Option A) and four preferred always-down rounding (Option B). Seven expressed no preference, six raised concerns about both approaches, one marked both, and one did not answer. Thus, among respondents choosing either A or B, 79 percent preferred symmetric rounding; measured against all 34 cash-accepting localities, 44 percent affirmatively selected Option A.

Respondents were also asked how significant the revenue difference between Options A and B would be. Excluding nine that answered “don’t know” and two that did not answer, 3 of 23 considered the difference very significant, 12 somewhat significant, and 8 not significant. The revenue illustration in Appendix F estimates that always-down rounding would reduce collections by roughly $1,800 to $5,200 annually across the 30 responding localities with usable weekly-volume data. Extrapolated statewide under the stated assumptions, the illustrative range is approximately $14,000 to $42,000 per year, with a midpoint near $28,000. Symmetric rounding has an expected net effect of approximately zero when final digits are evenly distributed. These are order-of-magnitude illustrations, not forecasts.

Residual Balances and Installments

Thirteen of 34 cash-accepting localities reported that they already write off small balances; 12 supplied thresholds ranging from $0.99 to $5.00. However, transaction-level write-off remains unsettled: 18 localities were unsure whether their billing system or legal authority could support it, 7 indicated they could do so today, 4 indicated their billing system could not, 3 marked more than one response, and 2 did not answer.

Twenty localities reported using installment billing. Of those, 12 preferred rounding each installment separately, 1 preferred rounding only the final installment, 2 had no preference, and 5 were unsure. The responses therefore show a plurality for per-installment rounding but not a consensus sufficient to eliminate the need for an express statewide rule.

System Readiness and Timing

The survey asked about five system or process areas for each cash-accepting locality. Of 170 possible cells, 129 were answered. Five answered cells (4 percent) indicated capability today, 45 (35 percent) indicated capability with updates, and 79 (61 percent) were coded no or unknown. The remaining 41 cells were blank.

Because “no” and “unknown” are combined in this measure, it should be read as an indicator of uncertainty and potential work rather than as a finding that 61 percent of systems cannot be modified.

Additional Issues for Legislative Consideration

The survey findings support the core recommendations of this report but also identify several operational and policy questions that should be addressed in permanent legislation or implementing guidance. In several areas, the survey provides useful information about current practices and preferences without establishing a single approach that would be appropriate for all localities. The following issues therefore warrant additional legislative consideration.

Definition of a Cash Transaction

Permanent legislation should clearly define the cash transactions to which rounding applies. Localities may receive physical currency at counters and cashier windows, through drop boxes or self-service kiosks, or through third-party payment channels. These different collection methods raise practical questions about when a transaction should be considered a cash transaction for purposes of the statewide rounding procedure.

The distinction is particularly important when a taxpayer tenders physical currency to a third party but the locality ultimately receives the payment electronically. Survey responses confirm that some entities use third-party payment channels, but the survey does not establish a uniform practice for treating those transactions. Accordingly, permanent legislation or implementing guidance should clarify whether the rounding requirement follows the taxpayer's method of payment or the form in which the locality receives and processes the payment.

Third-Party Cash Channels: Applicability of Rounding

Third-party retail payment channels and delinquent-collection arrangements present a related implementation issue. A taxpayer may pay cash to a retailer or collection agent acting on behalf of a locality, while the locality receives an electronic settlement for the exact amount owed. In other circumstances, a third party may physically remit cash to the locality.

Because these arrangements vary, the statewide framework should expressly address whether and where rounding occurs when cash is accepted on a locality's behalf. A clear rule would reduce the risk that otherwise similar transactions are

treated differently solely because a locality uses a third-party payment provider or collection agent.

Billing Stage vs. Point of Payment

Survey responses did not identify a uniform preferred stage at which rounding should occur. Among the 34 cash-accepting locality respondents, 21 percent selected the billing stage, 24 percent selected the point of payment, 6 percent indicated that either approach would work, 26 percent selected neither, and 21 percent marked more than one response. These results indicate substantial variation in both operational preferences and system capabilities.

Installment Payments

Twenty of the 34 cash-accepting locality respondents reported using installment billing for at least some taxes or charges. Of those 20 respondents, 12 (60 percent) favored rounding each installment separately, one (5 percent) favored rounding only the final installment, two (10 percent) expressed no preference, and five (25 percent) were unsure.

The results therefore show that most respondents using installment payments favored rounding each installment separately, although a substantial minority expressed uncertainty or no preference. Permanent legislation or implementing guidance should expressly address installment payments so that similarly situated taxpayers are treated consistently across localities. In determining the appropriate rule, consideration should also be given to whether rounding each installment creates multiple rounding adjustments for the same underlying obligation and whether a final-installment approach would impose additional system or reconciliation requirements.

Penalty and Interest

Penalty and interest present an additional question concerning the timing of rounding. Six of the 34 cash-accepting locality respondents (18 percent) voluntarily raised penalty or interest concerns in free-text comments. Because the survey did not ask a specific question on this topic, this figure should not be interpreted as the prevalence of concern among all respondents.

The issue is nevertheless operationally significant. If rounding occurs before penalty or interest is calculated, a subsequent charge could recreate a balance that does not end in zero or five cents. Permanent legislation or implementing guidance should therefore clarify whether rounding occurs before or after applicable penalty and interest calculations and should preserve the principle that the underlying obligation

is calculated to the exact cent before any cash-payment rounding adjustment is applied.

Transition Relief: Timing and Form

Survey responses indicate that implementation needs vary substantially across localities. Of the 19 cash-accepting locality respondents that provided an estimate of additional implementation time, 18 (95 percent) indicated that 12 months or less would be sufficient. However, 15 of the 34 cash-accepting respondents (44 percent) did not provide an implementation-time estimate. The survey therefore may not fully capture implementation-time needs across responding localities.

Respondents also identified several forms of assistance that could facilitate implementation. Eighteen of 34 respondents (53 percent) requested model ordinance language; 15 (44 percent) requested an extension of HB 954's temporary authority; 15 (44 percent) requested financial assistance for system upgrades; 12 requested a later effective date; and 10 requested technical assistance.

These findings support establishing the permanent requirements sufficiently in advance of implementation to allow for vendor programming, system changes, testing, procurement, training, and development of local procedures. The General Assembly may wish to consider extending the temporary authority under HB 954, establishing an appropriate effective date for the permanent procedure, and directing the development of model language or technical guidance.

Court Cash Collections Outside the Scope of HB 954

HB 954 directs Virginia Tax to evaluate and recommend a uniform rounding procedure for localities. Courts are therefore outside the primary scope of this study, and court responses were not included in the locality survey statistics presented in this report.

The survey was distributed more broadly, however, to help identify cash-payment practices across governmental entities. Responses received from courts indicate that the operational effects of diminishing penny availability may extend beyond local government collections. One court respondent, for example, reported that cash represented approximately 20 percent of payments by dollar volume and 10 percent by transaction count.

Because the survey was not designed to produce representative findings for Virginia courts, these responses should not be generalized to the court system. They nevertheless identify a potential issue outside the scope of HB 954. Court cash

collections were outside the scope of this study, and the workgroup makes no finding or recommendation regarding them

Public Notice and Disclosure

A uniform statewide procedure will result in some cash-paying taxpayers tendering an amount that differs by several cents from the exact amount shown on a bill or account balance. Clear public notice could help taxpayers understand that the adjustment applies only to cash settlement and does not change the underlying tax or charge.

The survey does not provide sufficient evidence to recommend a particular form of public notice. Accordingly, the permanent framework may wish to authorize or require reasonable disclosure through methods such as signage at locations accepting cash, information on locality websites, or explanatory language on bills, receipts, or account statements. Any notice requirement should be sufficiently flexible to accommodate differences in locality operations while communicating the statewide rounding procedure consistently.

Unresolved Questions and Items for Further Study

The expanded survey analysis narrows several questions but does not eliminate the need for legislative choices. The following issues remain material to implementation:

Cash Transaction Classification

The permanent framework should define treatment of currency tendered at counters, windows, drop boxes, kiosks, and third-party locations, including transactions that reach the locality electronically.

Timing of Rounding

Survey responses are divided among billing-stage, point-of-payment, either, neither, nor multiple selections. A uniform taxpayer-facing result is more strongly supported than a single technical implementation method.

Installment Payments

Among the 20 localities using installments, 60 percent preferred rounding each installment separately, but 40 percent selected another response or were unsure. The rule should be stated expressly.

Residual Balance Treatment

Some respondents reported existing small-balance write-off practices. This indicates the practice is workable for some localities but does not establish its legal basis or feasibility for others. The workgroup did not evaluate court or state agency collections, which may involve different statutory authority and payment systems. Express statutory authority remains important under the Dillon Rule.

Penalty and Interest

Six localities raised this issue without prompting. Guidance should prevent a rounding adjustment from producing an unintended later balance solely because penalty or interest attaches.

Implementation Timing

Most localities that supplied an estimate indicated 12 months or less, but 44 percent did not supply an estimate. The permanent framework should provide adequate lead time after final requirements are known.

Entities outside the core locality analysis

The survey was distributed more broadly than the locality population analyzed in **Appendix F.** Court and state-agency issues should be addressed separately where their statutory authority, payment systems, or collection practices differ from local treasurers.

These unresolved matters do not alter the core policy recommendation. They identify where legislation or implementing guidance should be precise enough to avoid inconsistent accounting and taxpayer treatment while retaining reasonable technical flexibility.

Conclusions and Findings

Virginia Tax's evaluation, informed by the July 23rd workgroup meeting, the international and multistate landscape, and the final locality survey analysis, leads to the following conclusions and findings:

1. A Uniform Statewide Procedure Is Recommended

A uniform statewide procedure would provide consistent treatment of cash payments across Virginia's cities, counties, and towns and avoid differing locality-

by-locality rounding practices. The survey findings reinforce the need for a statewide framework. Among the 34 cash-accepting locality respondents, 31 (91 percent) reported either having no local rounding procedure or waiting for a statewide procedure, including 13 (38 percent) that specifically indicated they were waiting for the statewide uniform procedure. HB 954's temporary local authority took effect July 1, 2026, and the survey was voluntary and self-selected.

A single statewide rule would provide greater consistency for taxpayers, localities, and system vendors while providing the statutory clarity necessary for implementation.

2. Virginia Tax Recommends Symmetric Nearest-Nickel Rounding

Virginia Tax recommends symmetric nearest-nickel rounding for cash payments. Under this approach, amounts ending in one or two cents or six or seven cents would round down; amounts ending in three or four cents or eight or nine cents would round up; and amounts ending in zero or five cents would remain unchanged.

Among respondents expressing a preference between the two principal approaches, 15 of 19 (79 percent) selected symmetric rounding. Symmetric rounding was also generally favored during workgroup discussion and is consistent with the predominant international approach reviewed for this study.

Symmetric rounding is approximately revenue-neutral in expectation over a sufficiently large number of transactions, assuming final payment digits are approximately evenly distributed. By contrast, an always-down approach systematically reduces affected cash payments and therefore produces a cumulative revenue reduction.

3. Rounding Should Apply Only to the Cash Payment Amount

The underlying tax, fee, or other charge should continue to be calculated, reported, and remitted to the exact cent. Rounding should occur only when necessary to settle an affected payment in physical currency.

Electronic payments, credit and debit card payments, checks, and other payment methods capable of settling an obligation to the exact cent should remain unaffected. This distinction preserves the integrity of the underlying tax or charge while addressing the practical problem created by diminishing penny availability.

The permanent framework should separately clarify the treatment of transactions in which a payer tenders physical currency to a third party that subsequently transmits the payment electronically to a locality.

4. Permanent Legislation Should Address Sub-Nickel Residual Balances

Cash rounding may result in an account balance or credit of less than five cents even though the cash payment has been fully settled under the statewide rounding procedure. Requiring localities to continue carrying, billing, collecting, or refunding these amounts could undermine the administrative simplicity that the rounding procedure is intended to provide.

Thirteen of the 34 cash-accepting locality respondents reported that they already write off small balances, although the thresholds and procedures used vary. Virginia law does not provide explicit statutory authority for localities to write off sub-nickel balances specific to this context. Permanent legislation should clarify that authority and establish consistent treatment of residual balances resulting from the statewide rounding procedure. The treatment of overpayments of less than five cents should be addressed expressly.

5. Locality System Readiness Varies

Survey responses demonstrate meaningful differences in the ability of locality systems to accommodate cash rounding. Across the system-readiness questions, only a small portion of answered items indicated that the relevant functionality was available today, while other responses indicated that updates would be necessary or that the respondent did not know whether the system could accommodate the required change.

These findings indicate that implementation may require vendor programming, configuration changes, testing, procurement, training, or development of new administrative procedures depending on the locality and system involved. The permanent framework should therefore establish requirements sufficiently in advance of implementation to permit necessary system and operational changes.

6. Appropriate Transition Time and Implementation Assistance Should Be Considered

Among the 19 cash-accepting locality respondents that provided an implementation-time estimate, 18 (95 percent) indicated that 12 months or less of additional time would be sufficient. However, 15 of the 34 cash-accepting respondents (44 percent) did not provide an estimate. The survey therefore may

not fully capture implementation-time needs.

Respondents also identified potential forms of implementation assistance, including model ordinance language, continuation of temporary authority, financial assistance for system changes, a later effective date, and technical assistance.

The General Assembly should consider these implementation needs when determining the effective date and transition provisions for the permanent statewide procedure.

7. Additional Implementation Issues Require Clarification

Several issues were not fully resolved through the workgroup and survey process and should be addressed in permanent legislation or implementing guidance. These include the definition of a cash transaction; treatment of third-party cash payment channels; whether rounding occurs at the billing stage or point of payment; treatment of installment payments; interaction with penalty and interest calculations; public notice and disclosure; and the timing and form of transition relief.

These unresolved implementation questions do not alter the core recommendation for a uniform statewide procedure but should be resolved sufficiently in advance of implementation to promote consistent administration across localities.

8. Recommended Statewide Framework

Based on the full record developed through this study, the workgroup recommends that the permanent statewide framework:

- Apply symmetric nearest-nickel rounding to affected cash payments.
- Apply rounding only to the cash payment amount, without changing the calculation, reporting, or remittance of the underlying tax or charge.
- Leave electronic and other non-cash payments capable of settlement to the exact cent unaffected.
- Provide clear statutory authority and procedures for resolving sub-nickel residual balances resulting from cash rounding.
- Establish clear rules for installment payments, third-party cash channels, timing of rounding, and related administrative issues.
- Provide sufficient implementation time and appropriate guidance to allow localities and their vendors to make and test necessary system changes.

This approach would establish a consistent taxpayer-facing rule throughout the Commonwealth while preserving the accuracy of underlying tax and accounting records and providing localities with the statutory and administrative framework necessary to implement cash rounding consistently.

Appendix A: 2026 Acts of Assembly, Chapter 713

CHAPTER 713

An Act to amend the Code of Virginia by adding in Article 1 of Chapter 2 of Title 6.2 sections numbered 6.2-200.1 and 6.2-200.2, relating to rounding procedures.

[H 954]

Approved April 13, 2026

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 1 of Chapter 2 of Title 6.2 sections numbered 6.2-200.1 and 6.2-200.2 as follows:

§ 6.2-200.1. Rounding procedures.

Any person selling goods or services in a cash transaction, entering into any transaction that results in a payment or transfer of cash between the parties to the transaction, or paying cash wages to an employee as compensation:

1. In any case in which the total transaction amount, including any taxes, ends with one, two, six, or seven as the final digit of the number of cents for the transaction, may round down such number of cents to the nearest number of cents divisible by five; and

2. In any case in which the total transaction amount, including any taxes, ends with three, four, eight, or nine as the final digit of the number of cents for the transaction, may round up such number of cents to the nearest number of cents divisible by five.

§ 6.2-200.2. Taxes and fees calculated before rounding.

A. Any person selling goods or services, or any public or private entity entering into any transaction that results in a payment or transfer of cash between the parties to the transaction, shall calculate and remit all taxes and fees, and other charges imposed by state taxing authorities or by the seller, based on the sales price or stated service fee prior to any cash transaction rounding.

B. Any person selling goods or services shall not be in violation of any state or municipal requirements, laws, regulations, or standards based on any action taken in compliance with this section.

2. That notwithstanding the provisions of §§ 6.2-200.1 and 6.2-200.2 of the Code of Virginia, as created by this act, the governing body of any locality may by ordinance prescribe temporary procedures that shall expire no later than July 1, 2027, for the adjustment of bills and account balances for taxes and other charges due to the locality and paid for by a cash transaction to account for the cessation of production of the penny coin by the United States Mint. Any such ordinance may provide for the rounding of such bills and account balances to the nearest five-cent increment and the write-down or write-off of sums due that are less than five cents.

3. That the Department of Taxation shall evaluate options and recommend a uniform procedure by which all localities of the Commonwealth shall adjust bills and account balances for taxes and other charges due to each locality and paid for by a cash transaction to account for the cessation of production of the penny coin by the United States Mint. Such evaluation shall consider whether to provide for the rounding of such bills and account balances to the nearest five-cent increment and the write-down or write-off of sums due that are less than five cents. The Department of Taxation shall report the findings of its evaluation and any recommendations to the Chairs of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations no later than November 1, 2026.

Appendix B: Bills and Guidance Enacted for Other States

Pennsylvania: House Bill 2388

PRIOR PRINTER'S NOS. 3223, 3542 PRINTER'S NO. 3681

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2388 Session of 2026

INTRODUCED BY DAVIDSON, HILL-EVANS, SHUSTERMAN, KUTZ, CURRY AND STAMBAUGH, APRIL 15, 2026

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 23, 2026

AN ACT

Providing for rounding of certain payment sums paid by physical legal tender.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short title.

This act shall be known and may be cited as the Pennsylvania Common Cents Act.

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"ACCOUNT." A FINANCIAL ARRANGEMENT WITH A UTILITY, SERVICE PROVIDER OR SIMILAR ENTITY REGARDING THE PAYMENT OF RECURRING COSTS THAT A CUSTOMER OR RATEPAYER INCURS FOR A CONNECTION OR SERVICE. <--

"Collection." The exchange of physical legal tender in connection with any lawful transaction to satisfy the grand

total obligation.

"Commonwealth agency." A department, bureau, board or other body created by the laws of this Commonwealth.

"Entity." The term shall have the same meaning as 15 Pa.C.S. § 102 (relating to definitions). The term includes public utilities as defined in 66 Pa.C.S. § 102 (relating to definitions), AN ASSOCIATION AS DEFINED IN 15 PA.C.S. § 102 and <-- a sole proprietorship.

"Grand total." The total of a product, goods or services rendered, including any discounts, deductions and addition to sales tax, surcharges and fees.

"Microtransaction." Any transaction where the grand total is below 5¢.

"Municipal authority." A body politic and corporate created under 53 Pa.C.S. Ch. 56 (relating to municipal authorities).

"Physical legal tender." Coins, banknotes and other currency recognized as legal tender under 31 U.S.C. § 5103 (relating to legal tender).

"Political subdivision." A county, city, borough, township, incorporated town or school district with taxing jurisdiction in a defined geographic area within this Commonwealth.

Section 3. Physical legal tender transactions rounding.

A Commonwealth agency, entity, municipal authority or political subdivision that accepts face-to-face, in-person sales or collections of physical legal tender in this Commonwealth shall determine the total due at the time of collection by a customer or ratepayer. All grand totals shall be collected pursuant to the following procedures:

(1) If the grand total ends in 1¢, 2¢, 6¢ or 7¢, the grand total shall be rounded down to the nearest amount

divisible by five.

(2) If the grand total ends in 3¢, 4¢, 8¢ or 9¢, the grand total shall be rounded up to the nearest amount divisible by five.

Section 4. Microtransactions.

Microtransactions that hold a grand total of 1¢, 2¢, 3¢ or 4¢ shall be rounded up to the nearest nickel.

Section 5. Exception.

Sections 3 and 4 shall not apply to a payment method utilizing a payment other than physical legal tender, such as a check, debit card, credit card, gift cards, store value cards, gift certificates, contactless pay or electronic or digital payment. This act shall not apply to a Commonwealth agency, entity, municipal authority~~,~~ OR political subdivision that can provide exact change or ~~transactions that are paid~~ TO A TRANSACTION PAID with the exact physical legal tender NECESSARY to satisfy the amount of the grand total. <-- <-- <--

Section 6. Account crediting.

A Commonwealth agency, entity, municipal authority or political subdivision shall apply a rounding-up credit to the customer or ratepayer's account balance under section 3(2). A grand total under section 3(1) shall be ~~constituted as the bill being paid in full.~~ DEEMED PAID IN FULL FOR THE CURRENT BILLING CYCLE. A COMMONWEALTH AGENCY, ENTITY, MUNICIPAL AUTHORITY OR POLITICAL SUBDIVISION SHALL ADD ANY DEBIT RESULTING FROM ROUNDING DOWN TO THE GRAND TOTAL ON THE CUSTOMER'S OR RATEPAYER'S NEXT BILLING CYCLE. A DEBIT RESULTING FROM ROUNDING DOWN MAY NOT, BY ITSELF, CONSTITUTE A DELINQUENT AMOUNT FOR THE PURPOSE OF ANY OF THE FOLLOWING: <-- <--

(1) INITIATING A TERMINATION PROCEDURE.

(2) ASSESSING OR ACCRUING A LATE PAYMENT CHARGE UNDER 52 PA. CODE CH. 56 (RELATING TO STANDARDS AND BILLING PRACTICES FOR RESIDENTIAL PUBLIC UTILITY SERVICE).

(3) COMMENCING COLLECTION ACTIVITY.

Section 7. Limited liability.

A Commonwealth agency, entity, municipal authority or political subdivision that utilizes the rounding procedure shall not constitute a violation of the act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and Consumer Protection Law.

Section 8. Effect on tax.

This act shall not affect the imposition, computation, collection, payment, reporting, remitting or liability of tax due under Article II of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971. The imposition and computation of tax due shall take place prior to the grand total being calculated and rounded.

Section 9. Applicability.

A Commonwealth agency, entity, municipal authority or political subdivision shall, as soon as practicable but not later than one year after the effective date of this section, adhere to the procedure specified under this act. This act shall apply to the act of May 25, 1945 (P.L.1050, No.394), known as the Local Tax Collection Law.

Section 10. Effective date.

This act shall take effect immediately.

Ohio: House Bill 737

As Introduced

136th General Assembly
Regular Session **H. B. No. 737**
2025-2026

Representatives Roemer, Hall, T.

To enact section 9.18 of the Revised Code to require that cash payments to the state and local governments be rounded to the nearest nickel.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 9.18 of the Revised Code be enacted to read as follows:

Sec. 9.18. (A) As used in this section:

"Political subdivision" means a county, township, municipal corporation, or any other body corporate and politic that is responsible for government activities in a geographic area smaller than that of the state.

"Final price" includes the amount of any tax levied by the state or a political subdivision on the transaction that is collected at the same time as the transaction.

(B) Any person who pays any tax, toll, fee, fine, or other charge to the state, a state agency, or a political subdivision, in cash, shall round the payment amount to the nearest five cents, and the state, state agency, or political subdivision shall accept the rounded amount as payment in full, as follows:

(1) Amounts in which the second decimal place is "1" or "2" shall be rounded down to an amount in which the second decimal place is "0."

(2) Amounts in which the second decimal place is "3" or "4" shall be rounded up to an amount in which the second decimal place is "5."

(3) Amounts in which the second decimal place is "6" or "7" shall be rounded down to an amount in which the second decimal place is "5."

(4) Amounts in which the second decimal place is "8" or "9" shall be rounded up to an amount in which the second decimal place is "0."

(C)(1) A merchant who accepts cash payments may round the final price as described in division (B) of this section for cash payments and incur no liability for doing so, notwithstanding any contrary provision of the Revised Code.

(2) If the cash payment to the merchant is for a transaction subject to a tax levied by a political subdivision or the state, then the merchant shall round the final price as described in division (B) of this section. Any adjustments made as a result of that rounding shall be deducted or added to the tax the merchant remits to the political subdivision or the state, which shall be allocated proportionately among the state and political subdivisions based upon the respective rates of tax levied on that transaction.

Kentucky: House Bill 757

CHAPTER 161

(HB 757)

AN ACT relating to revenue measures and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 139.450 is amended to read as follows:

(1) It shall be presumed that:

(a) Tangible personal property shipped or brought to this state by the purchaser;~~[or]~~

(b) Digital property delivered or transferred electronically into this state; ***or***

(c) A service provided to a purchaser in this state;

was purchased from a retailer for storage, use, or other consumption in this state.

(2) (a) A marketplace provider that makes retail sales on its own behalf or facilitates retail sales of tangible personal property, digital property, or services that are delivered***,*** ~~[or]~~transferred electronically***, or provided*** to a purchaser in this state for one (1) or more marketplace retailers that in any sales combination exceeds one hundred thousand dollars ($100,000) ~~[or reaches two hundred (200) or more separate transactions in the immediately preceding calendar year or current calendar year]~~shall be subject to this section.

(b) The marketplace provider shall:

1. Register for a sales and use tax permit number to report and remit the tax due; and

2. Collect tax imposed under this chapter;

no later than the first day of the calendar month that is at the most sixty (60) days after ***the***~~[either]~~ threshold in paragraph (a) of this subsection is reached.

(c) The marketplace provider may register for:

1. A single sales and use tax permit number to report and remit all the tax due on the marketplace provider's direct sales and sales the marketplace provider facilitates for one (1) or more marketplace retailers; or

2. a. One (1) sales and use tax permit number to report and remit the tax due on the marketplace provider's direct sales; and

b. One (1) additional sales and use tax permit number to report and remit the tax due on all sales the marketplace provider facilitates for one (1) or more marketplace retailers.

(d) 1. If the marketplace provider elects to report and remit the tax due on a single sales and use tax permit number as provided in paragraph (c)1. of this subsection, the marketplace provider shall, upon request of the department, provide a separate breakdown of receipts from the marketplace provider's direct sales and the sales the marketplace provider facilitates for the preceding fiscal year ending June 30.

2. The department may request the breakdown of receipts no more than once annually.

(e) The marketplace provider shall collect Kentucky tax on the entire sales price or purchase price paid by a purchaser on each retail sale subject to tax under this chapter that is made on its own behalf or that is facilitated by the marketplace provider, regardless of whether the seller would have been required to collect the tax had the retail sale not been facilitated by the marketplace provider.

(3) Nothing in this section shall be construed to relieve the marketplace provider of liability for collecting but failing to remit the taxes imposed under this chapter.

(4) (a) The marketplace provider shall be subject to audit on all sales made on its own behalf and on all sales facilitated by the marketplace provider.

(c) If the project was completed within the biennium in which it was authorized, and if the project was funded from a major maintenance pool, then the balance shall be transferred to that major maintenance pool***; or***~~[.]~~

(d) If the project was not completed within the biennium in which it was authorized, without being expressly reauthorized by a succeeding session of the General Assembly, then the balance shall be transferred to the capital construction surplus account.

➔Section 22. KRS 45.345 is amended to read as follows:

(1) ***(a)*** In addition to any payment method authorized by law, and notwithstanding any statute to the contrary, any state agency may accept the following methods of payment to secure funds for deposit into the State Treasury:

1.~~[(a)]~~ Credit card;

2.~~[(b)]~~ Debit card;

3.~~[(c)]~~ Electronic check;

4.~~[(d)]~~ Automated clearinghouse (ACH) debit; or

5.~~[(e)]~~ Any other electronic payment method upon the prior written approval of both the Finance and Administration Cabinet and the Office of the State Treasurer.

(b)~~[(2)]~~ Any fees charged to a state agency by the provider of the payment services listed in ***paragraph (a) of this*** subsection~~[(1) of this section]~~ shall be deemed to represent collection expenses and may be considered normal operating expenses of the agency, or the agency may collect convenience fees from users to supplement agency costs of delivering services.

(2) (a) In satisfaction of debts owed to the Commonwealth:

1. Rounding cash transactions to the nearest five cent ($0.05) increment shall occur:

a. When pennies are not available to complete resolution of a transaction; and

b. On settlement of the final bill of sale, invoice, or fee after all individual items, duties, fees, taxes, and charges are calculated to the exact cent; and

2. Noncash transactions shall continue to be settled to the cent without rounding.

(b) As used in this subsection, "the nearest five cent ($0.05) increment" means:

1. Amounts ending in one cent ($0.01) and two cents ($0.02) are rounded down to the nearest ten ($0.10) cents;

2. Amounts ending in three cents ($0.03) and four cents ($0.04) are rounded up to the nearest five ($0.05) cents;

3. Amounts ending in six cents ($0.06) and seven cents ($0.07) are rounded down to the nearest five ($0.05) cents;

4. Amounts ending in eight cents ($0.08) and nine cents ($0.09) are rounded up to the nearest ten ($0.10) cents; and

5. Amounts ending in zero ($0.00) cents and five ($0.05) cents remain unchanged.

(c) Notwithstanding any other statute to the contrary, any person selling goods or services shall not be in violation of any requirements, laws, administrative regulations, or standards of this state or political subdivision of this state based on any action taken in compliance with this section.

➔SECTION 23. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO READ AS FOLLOWS:

(1) In satisfaction of debts owed to cities, counties, and local government entities:

(a) Rounding cash transactions to the nearest five cent ($0.05) increment shall occur:

1. When pennies are not available to complete resolution of a transaction; and

2. On settlement of the final bill of sale, invoice, or fee after all individual items, duties, fees, taxes, and charges are calculated to the exact cent; and

(b) Noncash transactions shall continue to be settled to the cent without rounding.

(2) As used in this section, "the nearest five cent ($0.05) increment" means:

(a) Amounts ending in one cent ($0.01) and two cents ($0.02) are rounded down to the nearest ten ($0.10) cents;

(b) Amounts ending in three cents ($0.03) and four cents ($0.04) are rounded up to the nearest five ($0.05) cents;

(c) Amounts ending in six cents ($0.06) and seven cents ($0.07) are rounded down to the nearest five ($0.05) cents;

(d) Amounts ending in eight cents ($0.08) and nine cents ($0.09) are rounded up to the nearest ten ($0.10) cents; and

(e) Amounts ending in zero ($0.00) cents and five ($0.05) cents remain unchanged.

(3) Notwithstanding any other statute to the contrary, any person selling goods or services shall not be in violation of any requirements, laws, administrative regulations, or standards of this state or political subdivision of this state based on any action taken in compliance with this section.

➔Section 24. KRS 139.210 is amended to read as follows:

(1) Except as provided in subsections (2) and (3) of this section, the tax shall be required to be collected by the retailer from the purchaser. The tax shall be displayed separately from the sales price, the price advertised in the premises, the marked price, or other price on the sales receipt or other proof of sales.

(2) The department may relieve certain retailers from the requirement in subsection (1) of this section of separate display of the tax when the circumstances of the retailer make compliance impracticable. If the retailer establishes to the satisfaction of the department that the sales tax has been added to the total amount of the sales price and has not been absorbed by the retailer, the amount of the sales price shall be the amount received exclusive of the tax imposed.

(3) Retailers that provide road and travel services that are taxable under KRS 139.200 shall not be required to state the tax separately from the sales price if the retailer can establish and provide evidence that the sales tax has been added to the total amount of the sales price charged to the purchaser and has not been absorbed by the retailer. The amount of the sales price shall be the amount received exclusive of the tax imposed.

(4) The taxes collected under this section shall be deemed to be held in trust by the retailer for and on account of the Commonwealth.

(5) The taxes to be collected under this section shall constitute a debt of the retailer to the Commonwealth.

(6) Regardless of a purchaser's method of payment, a retailer shall not be relieved of the retailer's responsibility to collect and remit the correct amount of tax due.

➔SECTION 25. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO READ AS FOLLOWS:

(1) In satisfaction of debts owed to a school district:

(a) Rounding cash transactions to the nearest five cent ($0.05) increment shall occur:

1. When pennies are not available to complete resolution of a transaction; and

2. On settlement of the final bill of sale, invoice, or fee after all individual items, duties, fees, taxes, and charges are calculated to the exact cent; and

(b) Noncash transactions shall continue to be settled to the cent without rounding.

(2) As used in this section, "the nearest five cent ($0.05) increment" means:

(a) Amounts ending in one cent ($0.01) and two cents ($0.02) are rounded down to the nearest ten ($0.10) cents;

(b) Amounts ending in three cents ($0.03) and four cents ($0.04) are rounded up to the nearest five ($0.05) cents;

(c) Amounts ending in six cents ($0.06) and seven cents ($0.07) are rounded down to the nearest five ($0.05) cents;

(d) Amounts ending in eight cents ($0.08) and nine cents ($0.09) are rounded up to the nearest ten ($0.10) cents; and

(e) Amounts ending in zero ($0.00) cents and five ($0.05) cents remain unchanged.

(3) Notwithstanding any other statute to the contrary, any person selling goods or services shall not be in violation of any requirements, laws, administrative regulations, or standards of this state or political subdivision of this state based on any action taken in compliance with this section.

➔SECTION 26. A NEW SECTION OF KRS CHAPTER 367 IS CREATED TO READ AS FOLLOWS:

(1) In satisfaction of debts owed in buying or selling goods or services or related to transactions occurring in accordance with KRS Chapters 154A, 230, and 238:

(a) Rounding cash transactions to the nearest five cent ($0.05) increment may occur:

1. When pennies are not available to complete resolution of a transaction; and

2. On settlement of the final bill of sale, invoice, or fee after all individual items, duties, fees, taxes, and charges are calculated to the exact cent; and

(b) Noncash transactions shall continue to be settled to the cent without rounding.

(2) As used in this section, "the nearest five cent ($0.05) increment" means:

(a) Amounts ending in one cent ($0.01) and two cents ($0.02) are rounded down to the nearest ten ($0.10) cents;

(b) Amounts ending in three cents ($0.03) and four cents ($0.04) are rounded up to the nearest five ($0.05) cents;

(c) Amounts ending in six cents ($0.06) and seven cents ($0.07) are rounded down to the nearest five ($0.05) cents;

(d) Amounts ending in eight cents ($0.08) and nine cents ($0.09) are rounded up to the nearest ten ($0.10) cents; and

(e) Amounts ending in zero ($0.00) cents and five ($0.05) cents remain unchanged.

(3) Notwithstanding any other statute to the contrary, any person selling goods or services and any person making transactions in accordance with KRS Chapters 154A, 230, and 238 shall not be in violation of any requirements, laws, administrative regulations, or standards of this state or political subdivision of this state based on any action taken in compliance with this section.

➔SECTION 27. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO READ AS FOLLOWS:

As used in Sections 27 to 30 of this Act:

(1) "Board" means the board of trustees of a district established under Section 29 of this Act;

(2) "District" means a regional industrial taxing district established by an interlocal agreement as permitted under Section 28 of this Act;

(3) "Infrastructure development" means the construction or improvement, within a district, of roads and facilities necessary or desirable for improvements of the real estate, including:

(a) Surveys;

(b) Site tests and inspections;

(c) Environmental remediation;

(d) Subsurface site work;

(e) Excavation;

(f) Removal of structures, roadways, cemeteries, and other underground and surface obstructions;

Indiana: Senate Enrolled Act 243

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 243

AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-36.5 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]:

ARTICLE 36.5. PENNY PHASEOUT

Chapter 1. Payments to State and Local Units

Sec. 1. This chapter applies only to a cash transaction.

Sec. 2. As used in this chapter, "local unit" means any:

(1) county;

(2) township;

(3) city;

(4) town;

(5) school corporation; or

(6) special taxing district.

Sec. 3. As used in this chapter, "state" means:

(1) the state of Indiana;

(2) any department of the state of Indiana;

(3) any agency of the state of Indiana;

(4) any state or local court;

(5) the general assembly;

(6) any state of Indiana task force, committee, board, commission, or council;

(7) any body politic and corporate of the state of Indiana; or

(8) any other instrumentality of the state of Indiana.

Sec. 4. As used in this chapter, "state or local tax" means a tax, fine, fee, or other amount required to be paid to the state or a local unit. The term includes any interest, penalties, or other additional fees or costs associated with a late payment or nonpayment of an amount described in this section. The term does not include payments for property or services sold or provided by the state or local unit.

Sec. 4.5. (a) For a state or local tax, if the state or local tax has one (1), two (2), three (3), four (4), six (6), seven (7), eight (8), or nine (9) in the second decimal place, the state or local unit must round the state or local tax amount downward to the next amount divisible by five cents ($0.05).

(b) For a state or local tax payable to the state or local unit that is less than five cents ($0.05), the state or local unit must round the amount down to zero cents ($0.00).

(c) For a state or local tax that is imposed on a transaction and that is required to be remitted by a person or an entity to the state or local unit as an agent or a trustee of the state or local unit the state or local tax shall be computed on the total transaction amount, as defined in IC 23-15-13-3, prior to any rounding requirement required by IC 23-15-13.

(d) For any state or local tax that is:

(1) not imposed on a transaction but is required to be withheld by a person or entity acting as an agent or trustee for the state or a local unit; or

(2) otherwise included in a total transaction amount as defined in IC 23-15-13-3;

the state or local tax withheld or included shall be computed without rounding and, if applicable, the total transaction amount, as defined in IC 23-15-13-3, shall be rounded in the manner provided under IC 23-15-13-4.

(e) For purposes of this section, the following apply:

(1) The aggregate amount of a state or local tax described in subsection (c) or (d) remitted by a person or entity, reduced by any collection allowances or similar amounts permitted to be retained by the person or entity, shall be subject to the rounding provisions described in subsections (a) and (b).

(2) If multiple state or local taxes are required to be reported on a single form, the rounding of a remittance under subsection (a) or (b) shall be applied to the total state or local tax amount resulting from the computation on the form and

the remittance period.

(3) For state or local taxes not described in subdivision (2), the rounding of a state or local tax remittance described in subsection (a) or (b) shall be determined separately for each state or local tax type and for each remittance period.

(4) If a state or local tax liability is reported in the manner provided under subdivision (2), but the state or local unit determines a separate liability from other state and local taxes, subdivision (3) applies to the payment of the separate liability.

(f) For purposes of subsections (c) and (d), if multiple state or local taxes are required to be paid, each state or local tax shall be computed separately and, if applicable, the total transaction amount as defined in IC 23-15-13-3 shall be computed including all state or local taxes required to be paid on the total transaction amount.

SECTION 2. IC 6-2.5-1-5, AS AMENDED BY P.L.205-2025, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]: Sec. 5. (a) Except as provided in subsection (b), "gross retail income" means the total amount of consideration, including cash, credit, property, and services, for which tangible personal property is sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for:

(1) the seller's cost of the property sold;

(2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

(3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;

(4) delivery charges; or

(5) consideration received by the seller from a third party if:

(A) the seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;

(B) the seller has an obligation to pass the price reduction or discount through to the purchaser;

(C) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and

(D) the price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation

county, city or town shall be distributed by the state treasurer semi-annually on the first day of June and the first day of December of each year. The state comptroller is authorized to draw the state comptroller's warrants to the treasurers of the several governmental subdivisions when the distribution is presented to the state comptroller.

SECTION 104. IC 7.1-4-9-10, AS AMENDED BY P.L.9-2024, SECTION 276, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. ~~Appropriation from General Fund.~~ There is appropriated from the monies allocated to the general fund under this title, a necessary sum of money to make up any deficiency between the sums from the excise fund actually paid over to the treasuries of the several governmental subdivisions during their respective current fiscal years, and the estimate of funds to be distributed to them during the current fiscal year as computed by the state board of accounts and as considered by the governmental unit in preparation of its budget for the current fiscal year. The state board of accounts shall determine whether a deficiency exists at the close of the current fiscal year of each governmental unit. The amount of a deficiency so determined shall be paid to the governmental unit on warrant issued by the state comptroller not later than one (1) month after the close of the respective current fiscal year.

SECTION 105. IC 7.1-4-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. ~~Use of Funds.~~ The monies in the enforcement and administration fund shall be used and disbursed solely for the enforcement and administration of this title, and for no other purpose. Any unexpended balance remaining in the fund at the end of a fiscal year shall not lapse but shall remain exclusively appropriated and available only for the purpose of the enforcement and administration of this title.

SECTION 106. IC 23-15-13 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 13. Payments to Business Entities

Sec. 1. This chapter applies only to a cash transaction.

Sec. 2. As used in this chapter, "business entity" means any:

(1) bank;

(2) hospital;

(3) health care provider;

(4) sole proprietorship;

(5) corporation;

(6) limited liability company;

(7) association;

(8) partnership;
(9) joint stock company;
(10) joint venture;
(11) mutual fund;
(12) trust;
(13) estate;
(14) joint tenancy;
(15) other form of business organization; or
(16) state or local unit, for transactions that include a state or local unit selling or otherwise providing property or services for consideration.

Sec. 3. For purposes of this chapter, "total transaction amount" means the amount of the transaction prior to any tax imposed in addition to any tax imposed on the transaction and paid to the business entity, regardless of whether the tax is required to be separately stated or whether the business entity is an agent or trustee of a governmental entity. A tax under this section includes state or local taxes as defined in IC 5-36.5-1-4 and any amounts imposed by any other governmental entity other than a state or local unit.

Sec. 4. (a) For a total transaction amount payable to a business entity, except as provided in subsection (b), the business entity must round the total transaction amount for all transactions with a number other than zero (0) or five (5) in the second decimal place by either:

(1) rounding the total transaction amount downward to the next amount divisible by five cents ($0.05);
(2) round the total transaction amount upward to the next amount divisible by five cents ($0.05); or
(3) to the nearest five cent ($0.05) increment by:
(A) for a total transaction amount with one (1), two (2), six (6), or seven (7) in the second decimal place, rounding the total transaction amount downward to the next amount divisible by five cents ($0.05); or
(B) for a total transaction amount with three (3), four (4), eight (8), or nine (9) in the second decimal place, rounding the total transaction amount upward to the next amount divisible by five cents ($0.05).

(b) For a total transaction amount that is less than five cents ($0.05), the business entity may round the amount downward or upward to either zero cents ($0.00) or five cents ($0.05).

SECTION 107. IC 35-52-6-62.5 IS ADDED TO THE INDIANA

CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 62.5. IC 6-8.1-8-18 defines a crime concerning taxes.**

SECTION 108. [EFFECTIVE JULY 1, 2023 (RETROACTIVE)] **(a) IC 6-2.5-9-12, as added by this act, is effective for transactions occurring after June 30, 2023.**

(b) For purposes of IC 6-2.5-9-12, as added by this act, all transactions shall be considered as having occurred after June 30, 2023, to the extent that delivery of the vehicle, aircraft, cargo trailer, or watercraft constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2023, to the extent that the agreement of the parties to the transaction was entered into before July 1, 2023, and payment for the vehicle, aircraft, cargo trailer, or watercraft furnished in the transaction is made before July 1, 2023, notwithstanding the delivery of the vehicle after June 30, 2023.

(c) This SECTION expires July 1, 2029.

SECTION 109. [EFFECTIVE JULY 4, 2025 (RETROACTIVE)] **(a) IC 6-3-1-3.5, IC 6-3-2-2.5, IC 6-3-2-2.6, and IC 6-5.5-1-2, all as amended by this act, apply to taxable years ending after July 4, 2025.**

(b) IC 6-3-2-30, as added by this act, applies to qualified production property placed in service after July 4, 2025.

(c) This SECTION expires July 1, 2030.

SECTION 110. [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)] **(a) IC 6-3-4.5-14 and IC 6-8.1-5-2, as amended by this act, are effective for final adjustments and modifications received by the department after December 31, 2025.**

(b) IC 6-8.1-9-1, as amended by this act, is effective for modifications issued by the Internal Revenue Service after December 31, 2025.

(c) This SECTION expires July 1, 2029.

SECTION 111. [EFFECTIVE JULY 1, 2026] **(a) IC 6-8.1-8-2, as amended by this act, is effective for tax warrants filed after June 30, 2026.**

(b) For purposes of a tax warrant renewal filed under IC 6-8.1-8-2(f)(3), the extension of the tax warrant to all choses in action in the state or real or tangible personal property in this state apply to renewals filed with a county after June 30, 2026.

(c) If the department wishes to extend a tax warrant filed before July 1, 2026, to the entire state, the department must amend the tax

warrant with one (1) or more counties in which the department previously has filed the tax warrant, or file an additional tax warrant in one (1) or more counties in which the department would be permitted to file a tax warrant, after June 30, 2026.

(d) This SECTION expires July 1, 2029.

SECTION 112. [EFFECTIVE JANUARY 1, 2027] **(a) IC 6-2.5-2-2, as amended by this act, and IC 5-36.5 and IC 23-15-13, both as added by this act, apply only to cash transactions occurring after December 31, 2026.**

(b) Except as provided in subsection (c), a retail transaction is considered to have occurred after December 31, 2026, if the property whose transfer constitutes selling at retail is delivered to the purchaser or to the place of delivery designated by the purchaser after December 31, 2026.

(c) Notwithstanding the delivery of the property constituting selling at retail after December 31, 2026, a transaction is considered to have occurred before January 1, 2027, to the extent that:

(1) the agreement of the parties to the transaction is entered into before January 1, 2027; and

(2) payment for the property furnished in the transaction is made before January 1, 2027.

(d) This SECTION expires January 1, 2030.

SECTION 113. **An emergency is declared for this act.**

SEA 243 — Concur

President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

SEA 243 — Concur

Wisconsin – DOR Guidance



State of Wisconsin

Department Of Revenue

- ONLINE SERVICES
- BUSINESSES
- INDIVIDUALS
- TAX PROFESSIONALS
- GOVERNMENTS
- UNCLAIMED PROPERTY

Impact of the Penny on Property Tax Bills

December 1, 2025

To: Municipal and County Clerks and Treasurers

Due to recent inquiries, the Wisconsin Department of Revenue (DOR) would like to share the following information. The U.S. federal government is no longer minting the penny. In result, there may be a shortage of pennies in circulation.

Rounding Up/Down

Property tax bill amounts cannot be rounded up or down:

- Under state law, all taxes on real property and on improvements on leased land must be paid in full. Either in one payment, two equal installment payments, or multiple installments (secs. 74.11, and 74.12, Wis. Stats.).
- As the imposed property taxes include the property tax levies from the municipality and each taxing jurisdiction (county, school, technical college), the municipal and county treasurer are required to settle the collected property taxes with the other taxing jurisdictions or be subject to interest and penalty charges (sec. 74.31, Wis. Stats.)

Cash Transaction Policies

DOR is aware of local governments that require exact change for cash transactions. Municipalities and counties should consult with their legal counsels on the process of

developing and implementing such policies.

We hope the above information is helpful.

Questions?

Contact us at lgs@wisconsin.gov.

Appendix C: Group Participant List

2026 Penny Rounding Workgroup Study

July 23, 2026

Facilitators:

- Cassandra Hamilton (Tax Legislation, Legislative Coordinator)
- Vickie Duffey (Tax Legislation, Administrative Coordinator)

Stakeholders Attending (In Person):

- Tyler Williams (Senate Finance and Appropriations, Legislative Fiscal Analyst)
- Nadine Slocum (Virginia Credit Union Association)
- Tristan E. MacDonald (Virginia Bankers Association)
- Katie Boyle (Virginia Association of Counties)
- Joe Flores (Virginia Municipal League – VML)

Stakeholders Attending (Virtual):

- Delegate Vivian Watts (Virginia House of Delegates)
- James Heo (Deputy Secretary of Finance)
- Tommy Herbert (Virginia Restaurant, Lodging & Travel Association)
- Shiv Patel (Virginia Asian American Store Owners Association – VAASOA)
- Kunal Kumar (VAASOA)
- Rachel Macy (VAASOA)
- Matt Benka (VAASOA)
- Minesh Notetaker [AI for Minesh Patel – (VAASOA)]
- Oswald Hernandez (Virginia Credit Union Association)
- Michael O'Connor (Virginia Petroleum & Convenience Marketers Association)
- Jennifer Casanova (Henrico County)
- Andrew Kiss (Caroline County)
- Michelle Turner (Caroline County)
- Heidi Cook (Walmart)
- Anthony Amos (VML)
- Vincent Copenhaver (VML)
- Corey Connors (Virginia Community Bankers Association)

Agency Representatives Attending:

- Charles Kennington (Assistant Commissioner)
- James Savage (Tax Legislation, Director)

- Ryan Cunningham (Tax Legislation, Manager)
- Katherine Spivey (Tax Legislation, Tax Law Analyst)
- Bing Yee (Tax Legislation, Senior Tax Law Analyst)
- E.V. Goode (Legislative Implementation, Director) – Virtual

Appendix D: Presentation from July 23, 2026 Meeting

2026 Penny Rounding Workgroup Meeting

July 23, 2026

Virginia Tax

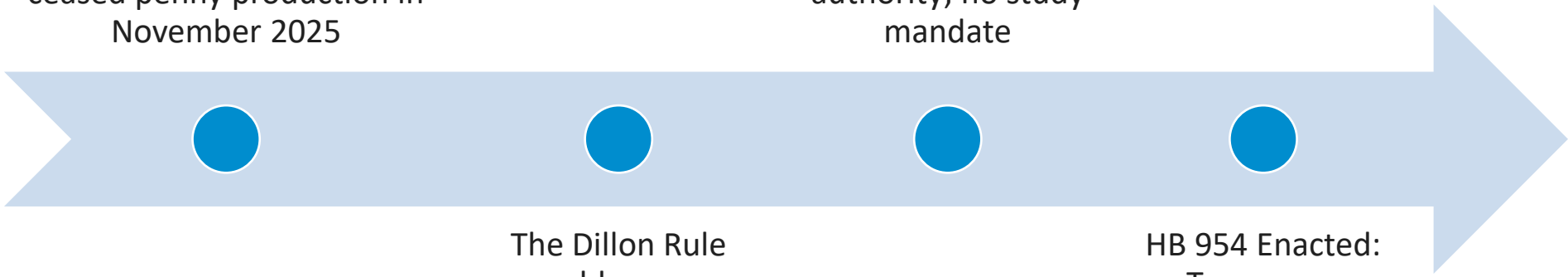
Topics to Be Discussed

- Introduction
- Review of House Bill 954 (Chapter 713)
- Statement of Purpose
- Overview: Workgroup Road Map
- Open Forum: Input and Discussion
- Next Steps

- **Charles Kennington,** Assistant Commissioner
- **James Savage,** Tax Legislation Director
- **Ryan Cunningham,** Tax Legislation Manager
- **Katherine Spivey,** Tax Law Analyst
- **Cassandra Hamilton**, Legislative Coordinator
- **Vickie Duffey**, Administrative Coordinator

Purpose and Legislative Mandate

Purpose/Legislative Mandate: How did we get here?



Virginia Tax

Purpose/Legislative Mandate

- Enactment 2 (Temporary Authority): Localities may adopt temporary rounding ordinances; authority expires July 1, 2027.
- Enactment 3 (Evaluation): The Department of Taxation shall evaluate options and recommend a uniform statewide procedure for how localities adjust bills and account balances for cash payments, specifically:
  - Whether bills and balances should be rounded to the nearest five-cent increment, and
  - Whether sums less than five cents should be written down or written off.
- Report Due: November 1, 2026, to the Chairs of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations.

Purpose/Legislative Mandate: HB 954, Enactment 3

- *"That the Department of Taxation shall evaluate options and recommend a uniform procedure by which all localities of the Commonwealth shall adjust bills and account balances for taxes and other charges due to the locality and paid for by a cash transaction to account for the cessation of production of the penny coin by the United States Mint. Such evaluation shall consider whether to provide for the rounding of such bills and account balances to the nearest five-cent increment and the write-down or write-off of sums due that are less than five cents. The Department of Taxation shall report the findings of its evaluation and any recommendations to the Chairs of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations no later than November 1, 2026."*
- **Key takeaway**: While the elimination of the penny and resulting rounding conventions have economy-wide implications, this workgroup's focus is narrower and more novel: how should local governments handle the cash payments they receive directly?

What This Workgroup is—and is NOT—Considering

This workgroup is not considering:

- Private retail cash transactions: HB 954 resolves this permanently.
- Cash wages, rent, bank disbursements, mortgages, commercial debt: HB 954 grants permissive authority; federal framework remains unsettled.
- Any changes to tax calculation: taxes are calculated on the exact pre-rounding amount per HB 954.

This workgroup is considering:

- A uniform statewide approach to how Virginia localities should round cash payments received directly from taxpayers.
- Which direction localities should round (symmetric vs. always round down).
- Whether sub-nickel residuals should be written off or carried forward.

The Penny Rounding Landscape

International Precedent: A Common Framework

- The universal rule: “Calculate first, round last”: taxes calculated on exact pre-rounding amount; rounding applies only to the final cash payment, never to electronic transactions.
- Australia (1992): 30+ years stable; coins remain legal tender.
- Canada (2013): Symmetric nearest-5¢; 13 years, no issues.
- New Zealand (1990/2006): Rounds to nearest 10¢.
- Switzerland (2007): Embedded in POS software as default.
- European Union EU (Finland, Netherlands): 2018 Commission analysis; electronic payments always settled to exact cent.
- Common thread: Every jurisdiction separates the tax calculation from the payment adjustment.

Private vs. Public Transactions: A Fundamental Distinction

Private Transactions (Consumer → Merchant) — ALREADY SETTLED

- HB 954 §6.2-200.1 resolves this permanently: symmetric rounding is permissive for all Virginia cash transactions.
- National context: NCSL SALT Task Force recommended symmetric rounding for private retail transactions.
- Nothing left to study.

Public Transactions (Taxpayer → Local Government) — THIS WORKGROUP'S FOCUS

- Occur when paying a tax bill or other amount directly to a locality.
- Almost no state has addressed this question directly.
- Indiana and Kentucky are the only identified states with a specific rule.

Indiana: Always Round Down for Local Governments

Senate Bill 243. Signed March 5, 2026. Effective immediately.

Private Transactions

- Retailers may round cash totals to the nearest nickel, either up or down at their discretion.
- Tax is calculated on the exact pre-rounding amount and remitted in full.

Local government collections

- State and local government units MUST always round DOWN.
- Rationale: government should never over-collect from a cash-paying taxpayer.

Kentucky: Symmetric Rounding for Local Governments

House Bill 757, Acts Chapter 161. Effective July 15, 2026.

Private Transactions

- Rounding applies to the post-tax total of a cash transaction to the nearest five-cent increment.
- Does not specify direction (symmetric or always down); rounding direction is a discretion.

Local government collections

- Symmetric nearest five-cent rounding.

Other State Activity: Pending Legislation and Notable Proposals

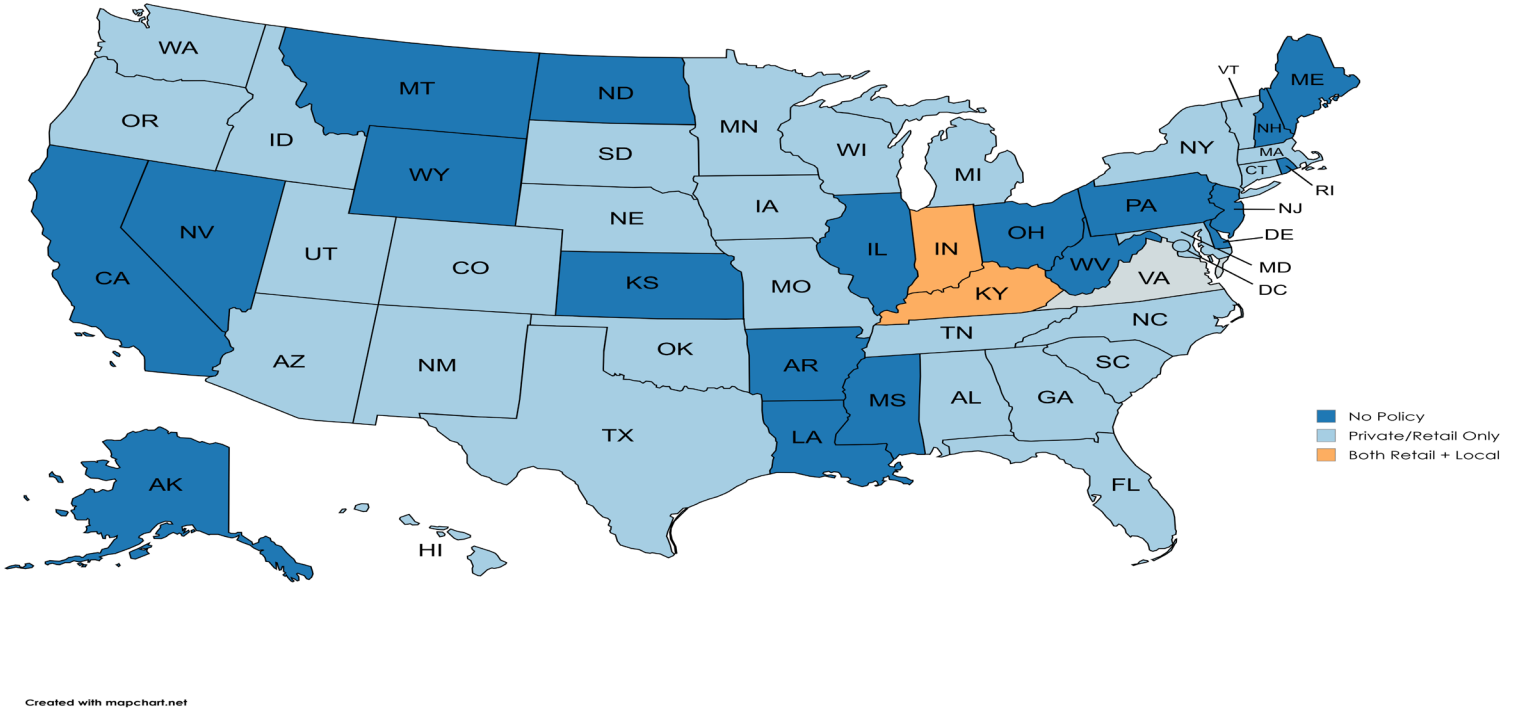
PENNSYLVANIA – House Bill 2388

- Applies to business, government agencies, municipalities, and public utilities.
- Uses symmetric nearest-nickel rounding.
- No study directive; moving directly to legislation.
- Pending in the Senate (as of July 2026).

OHIO – House Bill 737

- Applies rounding to state and local government cash payments (taxes, tolls, fees, fines).
- Does not apply to private transactions.
- Introduced but not enacted.

Private vs. Public Transactions: A Fundamental Distinction



*Virginia Tax staff research as of July 14, 2026. **Pennsylvania legislation, House Bill 2388, is currently pending and would address cash payments across both private and public sectors, including government agencies and municipalities.

Virginia Tax

The Two Main Policy Questions

Q1: Which Rounding Direction?

- Symmetric (Kentucky approach): consistent with private transactions in most states and aligns with international precedent: 1¢/2¢ down; 3¢/4¢ up; 6¢/7¢ down; 8¢/9¢ up.
- Always Round Down (Indiana approach): government never over-collects from a cash-paying taxpayer.

Q2: What Happens to Sub-Nickel Residuals?

- The problem: a $1,847.21 bill rounds to $1,847.20, leaving a $0.01 residual that, without an explicit rule, billing systems treat as an unpaid balance.
- Option 1: Write-Off: Residual forgiven at payment; account closed; Dillon Rule authority may be required.
- Option 2: Carry-Forward: Residual rolls to next bill; Requires tracking.

Operational Reality: Are Systems Ready?

- Major government billing platforms used by Virginia localities may not yet have penny rounding functionality available or documented.
- Legacy/custom systems present the highest risk — upgrades are budget-cycle, not release-cycle, dependent.
- Stakeholder input on current system capabilities is essential to Virginia Tax's evaluation.

Open Forum

Questions and Comments

Open Forum: Questions and Comments

- What is your volume of cash payments from taxpayers directly?
- What rounding approach (symmetric vs. always round down) would be most workable given your operational experience?
- Write-off vs. carry-forward for sub-nickel balances: which can your systems support today?
- What is your billing system's current readiness for rounding, and which approach makes the most sense technologically?
- Should permanent legislation have transition relief for localities whose systems won't be ready by July 1, 2027? What would that look like?
- Are there additional penny-cessation gaps that the General Assembly should be aware of, which are impacting localities?
- Virginia Tax may consider conducting a statewide survey; what questions should be included?

Next Action Items

Workgroup Meeting

Completed!

Step 2

Virginia Tax may conduct a survey of localities to assess billing-system readiness

Step 3

Provide policy options and written comments by August 5, 2026

- To: katherine.spivey@tax.virginia.gov

Step 4

Circulate draft report to stakeholders by September 18, 2026

- Provide any additional written comments by October 1, 2026.

Virginia Tax

Next Steps

- Presentation will be made available on the Virginia Tax webpage: https://www.tax.virginia.gov/ (coming soon)

- Final Report Submitted by November 1, 2026, to the following:
  - The Chairperson of the House Committee on Appropriations; and
  - The Chairperson of the Senate Committee on Finance and Appropriations.



James Savage

Tax Legislation Director

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Katherine Spivey

Tax Law Analyst

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Appendix E: Survey Instrument

Penny Rounding Workgroup – Survey

Survey Date : August 19, 2026

Scope

This survey is being sent to Virginia localities (counties, cities, and towns), state agencies, and courts. Enactment 3 of HB 954 (Chapter 713, 2026 Acts of Assembly) directs Virginia Tax to recommend a uniform rounding procedure for localities only. However, the workgroup asked for a comprehensive picture of how all government entities in Virginia are managing cash payments in the post-penny environment. Responses from state agencies and courts will be analyzed separately from locality responses and will inform supplemental guidance.
Please complete all questions that apply to your entity. Your responses will be aggregated; your responses will not be identified in the November 1, 2026 report without your explicit consent (see consent question at the end of this survey).

Response Deadline: September 18, 2026
Return completed survey to: taxsurveys@tax.virginia.gov
Questions? Contact: Katherine Spivey at katherine.spivey@tax.virginia.gov

Entity Information

Entity Name: _____

Entity Type:

- ○ Locality (county/city/town)
- ○ State Agency
- ○ Court
- ○ Other: _____

Respondent Name and Title:_____
Email: _____
Department or Office completing this survey: _____

Screening Question: Does your entity currently accept cash payments directly from members of the public at a payment counter, window, or office?

○ Yes — Continue to Question 1.

○ No — Skip to Question 10 (Additional Comments). Your response is still valuable to us.

1a. What is your entity's approximate volume of cash payments received directly from members of the public?
Please estimate for the most recent fiscal year. If exact data is unavailable, provide your best estimate. Provide both measures if available; either alone is helpful.

By dollar volume:

Total percentage of all payments received directly in cash (by dollar value): _____ %

○ Don't know / not tracked

By transaction count:

Total percentage of all payments received directly in cash (by number of transactions): _____ %

○ Don't know / not tracked

1b. If available, please provide the percentage of cash payments by payment type:
State agencies and courts: complete only what is applicable to your entity. Leave inapplicable rows blank or mark N/A.

- Real property tax

  Estimated percentage of cash payments (by dollar amount) _____ %
  Estimated percentage of cash payments (by transaction count) _____ %
  □ N/A (Not Collected)

- Personal property tax

  Estimated percentage of cash payments (by dollar amount) _____ %
  Estimated percentage of cash payments (by transaction count) _____ %
  □ N/A (Not Collected)

- Business license fees

  Estimated percentage of cash payments (by dollar amount) _____ %
  Estimated percentage of cash payments (by transaction count) _____ %
  □ N/A (Not Collected)

- Utility bills (water, sewer, refuse)

  Estimated percentage of cash payments (by dollar amount) _____ %
  Estimated percentage of cash payments (by transaction count) _____ %
  □ N/A (Not Collected)

- Court fees and fines

  Estimated percentage of cash payments (by dollar amount) _____ %
  Estimated percentage of cash payments (by transaction count) _____ %
  □ N/A (Not Collected)

- Other local fees and charges

  Estimated percentage of cash payments (by dollar amount) _____ %
  Estimated percentage of cash payments (by transaction count) _____ %
  □ N/A (Not Collected)

- TOTAL (all payment types combined)

  Estimated percentage of cash payments (by dollar amount) _____ %
  Estimated percentage of cash payments (by transaction count) _____ %
  □ N/A (Not Collected)

1c. Approximately how many individual cash transactions per week do you handle on average?

○ Fewer than 10
○ 10 – 50
○ 51 – 200
○ More than 200
○ Don't know

2. Has the percentage of cash payments your entity receives been changing over recent years?

Part 1 — Trend:

○ Increasing
○ Decreasing (including because of migration to electronic channels)
○ Roughly stable
○ Don't know / no data available

Part 2 — Third-party channels: Does your entity accept cash through retail kiosks or other third-party intermediaries (e.g., Walmart, CVS)?
○ Yes — and that cash arrives at our office electronically (no physical cash reaches our counter)
○ Yes — and physical cash is delivered to our office
○ No — all cash is tendered directly at our counter or window
If cash volume is declining or you use third-party channels, please briefly describe:

_____

3. Does your entity use installment billing for any tax or charge type (e.g., semi-annual real property tax bills)?

Installment billing may create multiple rounding events per account per year. This question helps the workgroup assess that complication.

○ No — we bill annually or at the time of assessment for all charge types
◙ Yes — we use installment billing for the following charge types:

Charge types billed in installments: _____
If yes: in your view, should rounding apply to each installment payment separately, or only to the final installment of the billing cycle?

○ Each installment should be rounded separately
○ Rounding should apply only to the final installment
○ No preference — either approach would work for us
○ Unsure — this creates complications we have not yet analyzed

4. Has your entity adopted a formal or informal procedure for rounding cash payments under HB 954's temporary authority?

HB 954 (effective July 1, 2026) grants localities temporary authority to adopt rounding procedures through July 1, 2027.

Note to state agencies and courts: HB 954's temporary rounding authority applies only to localities. State agencies and courts have no analogous statutory authority to adopt rounding procedures under HB 954. Please answer based on any informal administrative practice your entity has adopted in the absence of specific statutory authorization — not as a claim of statutory authority.

○ Yes — formal ordinance or resolution adopted
○ Yes — informal administrative procedure (no formal ordinance)
○ No — we have not adopted any procedure
○ No — we are waiting for the statewide uniform procedure

If a formal ordinance was adopted, please attach it or provide a link. Ordinance text will help inform the drafting of the permanent statewide procedure.

□ Ordinance attached to this survey response
□ Ordinance available at the following link or reference:
Link or reference: _____
□ Not applicable

5. Which rounding approach would be most workable for your entity, and how significant would the revenue difference be?

- **Option A: Symmetric Nearest-Nickel Rounding**

  1¢/2¢ → round DOWN | 3¢/4¢ → round UP
  6¢/7¢ → round DOWN | 8¢/9¢ → round UP

  Consistent with international model (Canada, Australia) and Kentucky's approach (HB 757, 2026). Revenue-neutral over large transaction volumes.

- **Option B: Always-Down Rounding**

  All amounts → always round DOWN to nearest nickel
  Government never collects more than the exact amount owed.

  Indiana's approach for government tax collections (SB 243, 2026). May result in small cumulative revenue reductions.

Preferred approach:

- ○ Option A — Symmetric nearest-nickel rounding
- ○ Option B — Always-down rounding
- ○ No preference
- ○ Concerns about both (please explain below)

Revenue significance of the difference between Option A and Option B:

- ○ Very significant — always-down rounding would noticeably reduce our revenue
- ○ Somewhat significant — small but measurable difference
- ○ Not significant — negligible difference
- ○ Don't know

Explanation of concerns (optional): _____

6. How should sub-nickel residuals be handled, and does your entity currently write off small balances?

A "negative residual" is a balance under $0.05 left unpaid after rounding down. A "positive residual" is an overpayment under $0.05 from rounding up. HB 954's "write-down or write-off" language covers both.

Part 1 — Preferred treatment for both negative and positive residuals:

○ Write-off at point of payment — zero out any sub-nickel amount at the transaction level; no further tracking
○ Write-off in periodic batch — accumulate sub-nickel amounts and write off monthly / quarterly / annually (specify below)
○ Carry forward to next bill — roll sub-nickel balance to the next billing cycle
◎ No preference
◎ Other (please describe):

Part 2 — Current write-off practice: Does your entity currently write off small account balances below a threshold?

○ Yes — current threshold: $_____ | Frequency: ◎ Monthly ◎ Quarterly ◎ Annually ○ Other: _____
○ No — we do not currently write off any balances

Part 3 — Barriers to point-of-payment write-off: Would shifting to an automatic write-off at the time of each cash transaction (rather than a periodic batch process) create a legal or systems problem for your entity?

○ Yes — our billing system cannot trigger a write-off at the transaction level; we can only batch
○ Yes — we believe we would need express statutory authority to write off at the transaction level
○ No — our system can handle transaction-level write-offs today
◎ Unsure — we would need to assess our systems and consult legal counsel

Additional comments on residuals or write-off authority:

_____

7. Does your entity round at the billing stage or at the point of payment, and can your systems support each approach?

These are two different implementation models with different technical requirements. Rounding at billing means the bill itself is issued in a rounded amount. Rounding at point of payment means the bill shows the exact computed amount but the cashier system rounds when cash is tendered.

Which model would your entity prefer or can support?

○ Rounding at the billing stage — the bill is issued already rounded to the nearest nickel

○ Rounding at the point of payment — the bill shows the exact amount; the cashier or payment system applies rounding when cash is tendered

○ Either model would work for us

○ Neither model is currently supported by our systems (please explain below)

Which model can your current billing and payment systems actually support today without modification?

State agencies and courts: complete only the information applicable to your entity. Leave inapplicable rows blank or mark No/Unknown.

- Real property tax system

  □ Yes, today
  □ With updates
  □ No / Unknown

- Utility billing system

  □ Yes, today
  □ With updates
  □ No / Unknown

- Court/fine payment system

  □ Yes, today
  □ With updates
  □ No / Unknown

- Cashier/POS system

  □ Yes, today
  □ With updates
  □ No / Unknown

- Other payment system

  □ Yes, today
  □ With updates
  □ No / Unknown

Vendor name(s) and any known constraints:

---

8. Would your entity be ready to implement a statewide uniform rounding procedure by July 1, 2027, and if not, how much additional time would you need?

Part 1 — Readiness by July 1, 2027:

○ Yes — we would be ready by July 1, 2027
○ Possibly — depending on the approach selected and guidance received
○ No — we would need additional time beyond July 1, 2027
○ Don't know at this time

If additional time is needed, how much?

○ No additional time needed
○ 3 – 6 months beyond July 1, 2027
○ 6 – 12 months beyond July 1, 2027
○ More than 12 months beyond July 1, 2027

Part 2 — Form of transition relief most helpful (select all that apply):

□ Extension of the current temporary authority under HB 954 beyond July 1, 2027 while permanent legislation is finalized
□ An extended effective date for permanent legislation
□ Phased implementation by payment type
□ Technical assistance and model guidance from Virginia Tax
□ Model ordinance or resolution language from Virginia Tax, VACo, or VML (localities)
□ Model policy or statutory language from Virginia Tax or relevant oversight agency (state agencies and courts)
□ Financial assistance for system upgrades

□ No transition relief needed
□ Other (please describe):

Steps or constraints driving your timeline estimate:

_____

9. What are your entity's billing system vendor(s), and do you use third-party contractors to collect delinquent amounts?

Part 1 — Primary billing/financial system vendor(s) for cash-accepting payment types:

Vendor name(s): _____

Part 2 — Third-party delinquent collectors: Does your entity use outside contractors to collect delinquent bills, and if so, would they also need to implement rounding?

○ We do not use third-party collectors
○ Yes, and we do not anticipate contractual barriers to requiring rounding
○ Yes, and our contracts would need to be amended
○ Yes, and requiring rounding would likely trigger a new procurement process
○ Yes, but we are unsure of the contractual implications

10. Any other comments, concerns, or recommendations for the workgroup?
This question applies to all respondents, including entities that do not accept cash. Non-cash entities: please use this space to note when your entity stopped accepting cash, and whether any legacy cash accounts remain open.

_____
_____

Identification Consent
The November 1, 2026 workgroup report will aggregate responses and will not identify individual entities by name without consent. If your entity is willing to be identified in the report, please check the box below.

□ I consent to my entity being identified by name in the November 1, 2026 workgroup report.

Entity name (if consenting): _____

Authorized by (name and title): _____

How to Send Us This Survey

Submit by: September 18, 2026
Return to: taxsurveys@tax.virginia.gov
Questions: Katherine Spivey at Katherine.spivey@tax.virginia.gov
Format: Please return this completed fillable PDF as an email attachment.

Appendix F: Survey Results

Penny Rounding Survey: Detailed Locality Findings

This appendix presents detailed results of Virginia Tax's 2026 Penny Rounding Survey. The findings below are limited to locality responses unless otherwise noted and support the findings summarized in the body of this report.

Notes on the Data

Virginia Tax received survey responses from 43 localities: 9 cities, 8 towns, and 26 counties. Of these, 34 localities reported accepting cash payments and are the basis for the cash-rounding findings.

Findings are reported in aggregate; individual localities are not identified.

Coverage: 9 of 38 independent cities (24%), 26 of 95 counties (27%), and 8 towns. A town response rate is not reported because the survey distribution list was not confirmed. Responses are self-selected, so the findings describe responding localities. Among localities that accept cash, 5 of 38 cities and 21 of 95 counties are included.

Base: percentages are of the 34 cash-accepting localities (5 cities, 8 towns, 21 counties) unless the Base column says otherwise. Responses from Commissioners of the Revenue that reported not handling payments are not treated as non-cash localities where cash is collected by the locality's treasurer. Percentages may not sum to 100% because of rounding or because respondents could select more than one answer. Some responses were incomplete or internally inconsistent and are reported as submitted, so some questions have fewer responses than others. State agencies and courts are analyzed separately and are not included in the locality findings.

Exhibit 1: Findings that bear on the legislation

Finding	%	Base	Survey question
Have adopted no local rounding procedure (including those waiting for the statewide procedure)	**91%**	34	Q4
Explicitly waiting for the statewide procedure	**38%**	34	Q4
Cash volume flat or decreasing	**85%**	34	Q2
Handle 200 or fewer cash transactions per week	**83%**	30	Q1c
Cash is 5% or less of payment dollars	**63%**	24	Q1a
Prefer symmetric rounding (Option A), among those choosing Option A or B	**79%**	19	Q5
Prefer symmetric rounding (Option A), as a share of all cash-accepting localities	**44%**	34	Q5
Already write off small balances	**38%**	34	Q6 Part 2
Need 12 months or less to implement, among those giving an estimate	**95%**	19	Q8
Asked for model ordinance language	**53%**	34	Q8

Asked for extension of HB 954 temporary authority	**44%**	34	Q8
Asked for financial assistance for system upgrades	**44%**	34	Q8

Exhibit 2: Where responses diverge or are uncertain

Topic	Result	Base	Survey question
Preferred rounding model	Billing stage 21%; point of payment 24%; either 6%; neither 26%; marked more than one 21%; blank 3%	34	Q7
System readiness (five systems per locality)	Yes, today 4%; with updates 35%; no or unknown 61%	129 answers	Q7
Revenue difference between Option A and Option B	Very significant 13%; somewhat significant 52%; not significant 35%. At least somewhat significant: 65%	23	Q5
Write-off at the time of each cash transaction	Unsure 53%; can do today 21%; billing system cannot 12%; marked more than one 9%; not answered 6%	34	Q6 Part 3
Rounding of installment payments	Each installment separately 60%; final installment only 5%; no preference 10%; unsure 25%	20 using installments	Q3
Penalty and interest raised without being asked	18%	34	Free text
Left the additional-time question blank	44%	34	Q8

Revenue Illustration

The table below illustrates the potential collection effect of always-down rounding (Option B) when cash is tendered at the counter, based on the weekly cash-transaction ranges reported by localities. These figures are not forecasts and depend on the assumptions below.

Scale	Annual effect of always-down rounding	Basis
Responding localities only (30 with a reported volume)	about $1,800 to $5,200	Reported weekly cash-transaction ranges, times 52 weeks, times about 2 cents
Average responding locality	about $60 to $170	Row above divided by 30
All Virginia localities (extrapolated)	about $14,000 to $42,000 (midpoint about $28,000)	Averages by locality type, applied to 38 cities, 188 towns and 95 counties
Average Virginia locality	about $40 to $130	Statewide range divided by 321 localities

Scenario: rounding applied per ticket line	about $34,000 to $104,000	One county reported about 2.5 ticket lines per transaction; illustrative only
Symmetric rounding (Option A)	about $0	Expected value if final digits are evenly distributed

Assumptions

- Final digits of cash amounts are evenly distributed. Under that assumption, symmetric rounding averages about zero per cash transaction and always-down rounding averages about 2 cents.
- Rounding applies once per cash transaction at the counter.
- Weekly volume ranges use the survey's printed ranges; the open-ended top range (more than 200 per week) is set at 200 to 400 by assumption, and the smallest range (fewer than 10) is set at 1 to 9. The open-ended top range may understate volume at the largest localities.
- Averages are computed by locality type from localities that reported a range, then applied to all localities of that type. Non-responding localities are assumed to resemble responding localities of the same type. The town count (188) comes from public sources and varies slightly by source, which does not materially change the estimates.
- The statewide figures should not be read as predicted fiscal impacts for any individual locality or for the Commonwealth as a whole.

What the illustration does not capture

- Rounding at the billing stage applied to all payers, or rounding applied per installment or per line beyond the scenario shown.
- The interaction of rounding with penalty and interest.
- Cash collected by other local departments, state agencies and courts.
- Seasonal or deadline-driven volume, and vendor or implementation costs, which the survey did not collect.

Penny Rounding Survey: Courts and Other Entities

Notes on the data (courts and other entities)

These exhibits cover 32 respondents that are not counties, cities or towns: 19 entities in the court batch and 13 in the state agency and other batch. They are reported separately because the survey told state agencies and courts that HB 954's temporary rounding authority applies only to localities (survey cover page, note to state agencies and courts). Their answers therefore describe informal practice and operational readiness.

Of the 19 entities in the court batch, 17 are courts and 2 could not be classified as courts. Of the 13 entities in the state agency batch, 4 are state agencies and 9 are local authorities (housing, water and sewer) and local social services offices. The 9 are held in an "other" group because the forms do not settle whether they are localities, state agencies or neither, and the respondents did not agree among themselves.

The number of courts, agencies and authorities in Virginia that could have been surveyed is not known, so no response rates are given, and the small bases make percentages misleading. Responses are self-selected and incomplete, and are a small partial snapshot. Some forms contained conflicting answers, and entity type was inferred from the entity's name where respondents did not provide it. Unless the Base column says otherwise, counts are of cash-accepting entities: 17 courts and 8 state agencies and other entities. No revenue estimate is computed for these groups.

Exhibit 3. Who responded

Group	Entities	Accept cash	Do not accept cash
Courts	**17**	17	0
Other respondents in the court batch	**2**	0	1 said no; 1 left blank
State agencies	**4**	3	1
Local authorities and local social services offices ("other")	**9**	5	4
Total	**32**	25	6 said no; 1 blank

Exhibit 4. Courts: findings that bear on the bill

Finding	Count	Base	Survey question
Reported no rounding procedure, or waiting for the statewide procedure	**15**	17	Q4
Handle 200 or fewer cash transactions per week	**15**	15	Q1c
Handle 50 or fewer cash transactions per week	**10**	15	Q1c
Cash volume decreasing	**11**	17	Q2
Prefer symmetric rounding (Option A), among those choosing Option A or B	**5**	9	Q5
Prefer always-down rounding (Option B), among those choosing Option A or B	**4**	9	Q5
Rate the revenue difference between the options as not significant, among those who rated it	**6**	9	Q5
Already write off small balances below a threshold	**5**	17	Q6 Part 2
Say their system can write off at each cash transaction today	**3**	17	Q6 Part 3
Answered yes on readiness by July 1, 2027	**0**	17	Q8
Asked for model policy or statutory language	**4**	17	Q8
Asked for financial assistance	**4**	17	Q8
Asked for technical assistance	**3**	17	Q8
Asked for a later effective date	**3**	17	Q8

Exhibit 5. Courts: where responses diverge or are uncertain

Topic	Result (number of courts)	Base	Survey question
Preferred rounding model	Neither supported 7; billing stage 2; point of payment 1; either 2; marked more than one 1; blank 4	17	Q7
Court or fine system readiness	Yes, today 2; with updates 6; no or unknown 7; blank 2	17	Q7
Where to write off residual balances	Point of payment 5; no preference 5; periodic batch 2; carry forward 2; other 1; not answered 2	17	Q6 Part 1
Write-off at the time of each cash transaction	Unsure 6; can do today 3; billing system cannot 1; marked more than one 2; not answered 5	17	Q6 Part 3
Rounding of installment payments	Courts using installments 4 (3 no preference, 1 final installment only); do not use 6; not answered 7	17	Q3
Additional time needed	None 3; 6 to 12 months 2; more than 12 months 1	6 answered	Q8
Skipped questions	Installments 7; revenue difference 4; additional time 11; collectors 8	17	Q3, Q5, Q8, Q9

Exhibit 6. State agencies and other entities: cash-accepting respondents

Finding	All cash-accepting	State agencies only	Survey question
Handle fewer than 10 cash transactions per week	**7**	**3**	Q1c
Cash volume decreasing	**4**	**3**	Q2
Reported no procedure or waiting for the statewide procedure	**7**	**2**	Q4
Prefer symmetric rounding (Option A)	**2**	**1**	Q5
Prefer always-down rounding (Option B)	**1**	**0**	Q5
No preference between the options	**5**	**2**	Q5
Rate the revenue difference as not significant	**5**	**2**	Q5
Report a system that can round today (any of five systems)	**0**	**0**	Q7
Say neither billing-stage nor point-of-payment rounding is supported	**5**	**2**	Q7
Say they could possibly be ready by July 1, 2027	**3**	**2**	Q8
Say no transition relief is needed	**3**	**2**	Q8
Use third-party collectors and are unsure of contract implications	**3**	**3**	Q9

Exhibit 7. Side by side: localities, courts, and other entities

Counts for all three groups are shown together. The localities column reproduces the counts behind Exhibits 1 and 2. The groups differ in legal authority, size and likelihood of response, so the columns are not comparable as rates.

Cash-accepting respondents	Localities	Courts	State agencies and other
50 or fewer cash transactions per week	13	10	7
Cash volume decreasing	14	11	4
Adopted a formal ordinance or procedure	3	0	0
No procedure or waiting for the statewide procedure	31	15	7
Prefer symmetric rounding (Option A)	15	5	2
Prefer always-down rounding (Option B)	4	4	1
No preference	7	2	5
Concerns about both approaches	6	2	0
Marked more than one, or did not answer (Q5)	2	4	0
Ready by July 1, 2027 (Q8): yes	4	0	0
Ready by July 1, 2027: possibly	13	6	3
Ready by July 1, 2027: no	6	0	0
Ready by July 1, 2027: don’t know	7	9	4
Marked more than one, or did not answer (Q8)	4	2	1