

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1793 (Ward) – As Amended April 7, 2026

Policy Committee: Banking and Finance

Vote: 9 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill enacts the California Common Cents Act (Act).

Specifically, this bill:

- 1) Requires a merchant to determine, for a transaction paid with legal tender, the total price of goods or services, after subtracting applicable discounts and adding applicable taxes, fees, and surcharges, by rounding to the nearest amount divisible by five.
- 2) Provides that a merchant selling goods or services is not in violation of other state or local laws based on an action taken to comply with rounding rules.
- 3) Authorizes the State Treasurer (STO) to promulgate regulations to implement the Act, including regulations that allow additional exemptions or exclusions from rounding rules.

FISCAL EFFECT:

- 1) Costs of an unknown, but likely significant amount, in excess of \$150,000, to the STO to promulgate regulations to implement the Act (General Fund (GF)). The STO notes that it does not regulate merchant businesses or activities. Thus, the work envisioned by this bill is generally outside the scope of the STO's responsibilities, likely necessitating the hiring of expert staff or an external contract to develop regulations.
- 2) No impact to local or state tax, fee, or surcharge collections paid with legal tender, as this bill does not include a government entity as a "merchant." However, this bill may impact the computation of income and allow a gross income exclusion under the Personal Income Tax or Corporation Tax Law, which may have GF revenue impact to the state of an unknown amount.

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

COMMENTS:

- 1) **Purpose.** According to the author:

AB 1793 – the California Common Cents Act – provides critical legal clarity on the rounding of cash transactions for businesses and

consumers alike. By legalizing symmetrical rounding on the full cash price, this bill provides clear guidelines for businesses and discourages strategic pricing against cash consumers. Credit, debit, and electronic transactions will remain unaffected, but a penny shortage will cause confusion and delays at the register for cash-paying customers. In the absence of federal law, it is up to the California State Legislature to ensure a smooth and transparent adoption of cash rounding.

- 2) **Common Cents.** On November 12, 2025, the U.S. Mint ended production of the penny, citing a significant increase in the cost of production. Approximately 114 billion pennies remain in circulation and their status as legal tender remains intact. Absent federal law on the subject, the U.S. Treasury recommends that merchants adapt to the declining supply of pennies by rounding transactions up or down to the nearest five cents. Additionally, recent guidance from the National Conference of State Legislators (NCSL) recommends:

The most recommended form of rounding is symmetrical rounding whereby if the final digit of the total transaction amount (including taxes) is 1, 2, 6, or 7 cents, the amount is rounded down to the nearest multiple of five. If the final digit is 3, 4, 8, or 9 cents, the amount is rounded up. Transactions totaling exactly \$0.01 or \$0.02 might be rounded up to \$0.05. Rounding rules would not apply to payments made via electronic methods, checks, gift cards, or other non-cash instruments.

This bill generally adopts the NCSL recommendations, except this bill exempts transactions of two cents or less from rounding rules and authorizes the STO to promulgate regulations to further implement the Act. This bill applies the rounding rules to a “merchant,” or a person, corporation, or partnership engaged in the business of the sale of goods or services, and thus does not apply to local or state government transactions that may be paid in cash.

- 3) **Support and Opposition.** This bill is supported by business organizations, with the California Retailers Association arguing this bill “reduces the risk of inconsistent practices and helps ensure customers are treated equitably regardless of where they shop” which is “important for a diverse retail sector that must train employees, update systems, and maintain compliance across multiple store formats and jurisdictions.”

This bill is opposed by the SFV Alliance. Additionally, the Council on State Taxation writes that it would support this bill if amended “to provide guidance for all businesses in California, not just face-to-face merchants with cash transactions.”

- 4) **Related Legislation.** SB 1005 (Caballero) authorizes a local agency to round the amount of a cash payment or refund to the nearest \$0.05. SB 1005 is pending referral at the Assembly Desk.

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