
**SENATE COMMITTEE ON
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT**
Senator Dr. Aisha Wahab, Chair
2025 - 2026 Regular

Bill No:	AB 1793	Hearing Date:	June 22, 2026
Author:	Ward		
Version:	April 7, 2026		
Urgency:	No	Fiscal:	Yes
Consultant:	Sarah Mason		

Subject: Cash payments: calculation

SUMMARY: Establishes the California Common Cents Act to create a uniform statewide standard for rounding cash transactions to the nearest five cents after discounts, taxes, fees, and surcharges are calculated. Exempts electronic and other non-cash payments, authorizes the State Treasurer to adopt implementing regulations, and provides that merchants complying with the rounding requirements are not subject to liability under state or local laws based on those actions.

Note: *This bill is double-referred to the Senate Committee on Revenue and Taxation, second.*

Existing law:

- 1) Establishes the Division of Measurement Standards (DMS) under the California Department of Food and Agriculture, which is responsible for supervising the weights and measures program throughout the state and ensuring equity in the marketplace. (Business and Professions Code (BPC) §§ 12100 et seq.)
- 2) Requires county sealers of weights and measures to enforce state weights and measures laws, inspect commercial weighing and measuring devices, verify the accuracy of retail transactions, and protect consumers against fraud and misrepresentation in commercial transactions. (BPC §§ 12200-12246.)
- 3) Establishes California's weights and measures laws governing commercial transactions involving weighing, measuring, counting, and pricing practices and administered by DMS and county sealers of weights and measures. Requires the inspection and testing of commercial weighing and measuring devices used in commerce, including devices used to determine the quantity of goods sold to consumers. (BPC §§ 12500 et seq.)
- 4) Establishes California's point-of-sale scanner inspection program and authorizes county sealers to verify that the price charged to a consumer at checkout matches the price represented to the consumer. (BPC §§ 13300-13332.)
- 5) Prohibits a retailer from charging a price for an item that exceeds the lowest price posted, advertised, marked, displayed, or quoted for that item and authorizes enforcement of retail pricing accuracy requirements. (BPC §§ 12024.2, 13300 et seq.)

- 6) Imposes a sales and use tax on retailers for the privilege of selling tangible personal property at retail in this state and authorizes retailers to collect sales tax reimbursement from customers. (Revenue and Taxation Code §§ 6051, 6201.)
- 7) Provides that United States coins and currency are legal tender for all debts, public charges, taxes, and dues. (31 U.S.C. § 5103.)
- 8) Authorizes the United States Department of the Treasury and the United States Mint to produce and issue coins and currency for circulation. (31 U.S.C. §§ 5111-5112.)

This bill:

- 1) Establishes the California Common Cents Act and requires a merchant accepting a cash payment in legal tender to calculate the total purchase price by first applying any discounts or deductions and then adding applicable taxes, fees, and surcharges, including sales and use taxes and other applicable taxes, fees, and surcharges.
- 2) Requires the resulting cash transaction total ending in one cent, two cents, six cents, seven cents, or a fraction of a cent (mill) to be rounded down to the nearest amount divisible by five. Requires the resulting cash transaction total ending in three cents, four cents, eight cents, or nine cents to be rounded up to the nearest amount divisible by five.
- 3) Exempts transactions totaling two cents or less from the rounding requirements.
- 4) Exempts payments made by check, money order, electronic fund transfer, credit card, debit card, electronic payment, or other non-cash payment method from the rounding requirements.
- 5) Provides that state and local taxes do not apply to any gain or loss resulting solely from the rounding of a transaction.
- 6) Provides that a merchant complying with the rounding requirements must not be deemed in violation of any state or local law, regulation, standard, or requirement based on actions taken in compliance with California Common Cents Act.
- 7) Authorizes the State Treasurer to adopt implementing regulations, including regulations establishing exemptions or exclusions.

FISCAL EFFECT: This bill is keyed fiscal by Legislative Counsel. According to the Assembly Committee on Appropriations, the bill will result in costs an unknown, but likely significant amount, in excess of \$150,000, to the State Treasurer to promulgate regulations. The bill will not impact 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 General Fund revenue impact to the state of an unknown amount.

COMMENTS:

1. **Purpose.** The Author is the Sponsor of this bill. According to the Author, the bill “responds to the recent end of penny production, providing critical legal clarity on the rounding procedures for businesses and consumers alike. By legalizing symmetrical rounding to the nearest nickel on the full cash purchase 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 guidance, it is up to the California State Legislature to ensure a smooth and transparent adoption of cash rounding.”

The Author states that “Symmetrical rounding has been successfully implemented in several countries, including Canada, Finland, Belgium, and the Netherlands. When the Royal Canadian Mint stopped production of the penny in 2012, symmetrical rounding was adopted nationwide. Tax calculations continued to use the pre-tax total in order to preserve accuracy. The Federal Government ran a national campaign to collect existing pennies, while the US government has not indicated that pennies will be systematically removed from circulation. As of now, they remain legal tender.”

2. **Background.** According to the U.S. Department of the Treasury (Treasury), penny production is being suspended because the total production cost of a penny rose from 1.3 cents to 3.69 cents over the past decade. The U.S. Mint projects roughly \$56 million in immediate annual savings from stopping production. As the Federal Reserve will continue to recirculate the roughly 114 billion pennies already in existence for as long as possible, pennies remain legal tender and retain their value. A July 2025 brief from the Federal Reserve Bank of Richmond (Economic Brief No. 25-27, *The Cost of Rounding Cash Transactions to Eliminate Pennies*) examined the likely effects of penny elimination on consumers and concluded that the primary consumer impact is likely to result from the rounding of cash transactions, rather than from changes in the underlying prices of goods and services. The authors examined the potential effects of rounding cash transactions to the nearest five cents as pennies become less available in circulation and estimated a net consumer cost of approximately \$6 million annually nationwide under certain rounding assumptions. The authors further noted that the impact would depend largely on whether merchants employ symmetrical rounding practices that round some transactions up and others down.

Retail pricing is generally set by the merchant at the item level and then processed through a point-of-sale system that applies discounts, coupons, and applicable state and local sales tax before the customer pays. In California, sales tax is imposed on retailers but retailers may collect sales tax reimbursement from customers. Retailers must report and pay sales tax to CDTFA based on their taxable sales. Today, a price ending in \$0.97, for example, can be charged and paid exactly in cash with pennies. Recent reporting on Treasury's penny phaseout plan notes that businesses may increasingly round cash transaction totals to the nearest nickel as pennies become scarcer in circulation. Treasury guidance states that businesses may round cash transactions and cites the National Conference of State Legislatures' recommendation for “symmetrical rounding,” under which transaction

totals ending in 1, 2, 6, or 7 cents are rounded down and totals ending in 3, 4, 8, or 9 cents are rounded up. Treasury notes that it is working with point-of-sale system providers and stakeholders to facilitate implementation of rounding practices in order to minimize consumer confusion.

Industry groups and economists have noted that the elimination of the penny will have operational consequences for retailers and cash-paying consumers, even if the overall economic impact is expected to be relatively small. According to the National Retail Federation (NRF), the principal concern is not the loss of the penny itself, but the lack of uniform rules governing how businesses should round cash transactions. The NRF has supported federal legislation that would establish a consistent nationwide rounding standard, arguing that customers may become confused if different retailers adopt different rounding practices and that legislative clarity is needed to ensure fairness and compliance with consumer protection laws.

The banking industry has expressed similar concerns. According to the American Bankers Association (ABA), as pennies become less available, banks and retailers may need to round cash transactions to the nearest nickel, similar to practices adopted in Canada and Australia after those countries discontinued their lowest-denomination coins. The ABA notes that electronic payments would continue to be processed to the exact cent, while only cash transactions would be subject to rounding.

This bill does not eliminate the penny or alter the calculation of prices, taxes, fees, or surcharges but establishes a uniform statewide method for determining the final cash amount exchanged when exact penny settlement is no longer practical.

Weights and Measures. California's weights and measures laws are designed to protect both consumers and honest businesses by ensuring that commercial transactions are conducted fairly, accurately, and transparently. According to the California Department of Food and Agriculture's (CDFA) Division of Measurement Standards (DMS), California's measurement system is intended to promote equity in the marketplace by ensuring that consumers receive the quantity of goods and services for which they pay and that businesses compete on a level playing field. DMS serves as the state's primary authority for weights and measures enforcement and works in partnership with county sealers of weights and measures to inspect commercial weighing and measuring devices, verify pricing accuracy, and investigate consumer complaints.

County sealers of weights and measures are responsible for enforcing California's weights and measures laws at the local level. Among their duties, county officials inspect retail point-of-sale systems, verify scanner accuracy, test weighing and measuring devices, ensure advertised prices match prices charged at checkout, and investigate instances in which consumers may be overcharged. The overarching purpose of these programs is to ensure that consumers receive exactly what is represented and charged in a commercial transaction.

California's scanner inspection program is an example of these consumer-protection efforts. County sealers routinely inspect retail scanner and point-of-sale pricing systems to verify that prices charged at checkout match prices represented

to consumers. The goal is to prevent pricing errors and maintain consumer confidence in retail transactions. Similar principles are reflected throughout California's weights and measures laws, which emphasize accuracy, transparency, and consistency in commercial transactions.

As the federal government phases out production of the penny, cash transactions may increasingly require rounding to the nearest five cents. Although the underlying sales price, discounts, and taxes may continue to be calculated to the penny, the final cash payment amount may no longer be capable of exact settlement when pennies are unavailable. This raises issues similar to those traditionally addressed by California's weights and measures laws: ensuring consumers understand how prices are calculated, ensuring merchants apply rounding consistently, and ensuring that customers are not systematically overcharged or undercredited through the transaction process.

- 3. Arguments in Support.** The California Grocers Association writes that this bill “provides much-needed clarity and uniformity for retailers and consumers by establishing a standardized approach to rounding cash transactions to the nearest nickel. As the United States phases out production of the penny, businesses across California are increasingly facing operational challenges due to coin shortages and inconsistent rounding practices... By applying rounding to the final, post-tax purchase price or change, AB 1793 also avoids complications with sales tax calculations and discourages pricing strategies that could disproportionately impact cash-paying consumers.”

According to the California Retailers Association, this bill “reduces the risk of inconsistent practices and helps ensure customers are treated equitably regardless of where they shop. This is especially important for a diverse retail sector that must train employees, update systems, and maintain compliance across multiple store formats and jurisdictions.”

The Cinema Association of California says “This common-sense approach will simplify cash handling, reduce the administrative burden associated with one-cent coins, and improve transaction efficiency for both businesses and consumers. The bill's rounding provisions apply equally upward and downward, ensuring a fair and transparent process.”

According to the San Diego Regional Chamber, “For San Diego’s business community, legal clarity is paramount. Our member businesses, encompassing retail, hospitality, food service, and small businesses, conduct millions of cash transactions each year. Many serve working families and communities that rely on cash as their primary means of payment. A standardized rounding rule reduces transaction issues, speeds up checkout times, and eliminates the need for businesses to maintain penny supplies that have become increasingly scarce and outdated.”

CAMEO Network notes “With many Californians relying on cash to pay for groceries and other essential items, this bill will protect consumers and businesses and ensure consistency statewide. Already, many businesses are experiencing penny shortages, leading to delays and confusion at the register. In the absence of federal

legislation on cash transaction rounding, it is essential that California provides clarity.”

The California Fuels and Convenience Alliance says this bill “provides much-needed clarity and consistency at the point of sale by establishing a uniform statewide standard for cash rounding, eliminating confusion caused by penny shortages and inconsistent store-by-store practices. This helps fuel and convenience retailers avoid transaction delays, reduce customer disputes, and operate under a predictable framework that ensures rounding has a near net-zero financial impact on both businesses and consumers.”

4. **Author’s Amendments.** In order to respond to implementation issues, the following amendments will be adopted in the Senate Committee on Revenue and Taxation:

1789.61.

For the purposes of this title, the following terms shall have the following meanings apply:

(a) “Installment payment” means a sum of money due as one of multiple payments over a period of time pursuant to a contract of sale entered into by and between the merchant and the purchaser.

(b) “Legal tender” means all metal coins and paper currencies of the United States.

(c) “Merchant” means any person, corporation, or partnership engaged in the business of the sale of selling goods or services at a physical location in this state.

(d) “Person” includes any individual, firm, partnership, joint venture, limited liability company, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, assignee for the benefit of creditors, trustee, trustee in bankruptcy, syndicate, this state, any county, city and county, municipality, district, or other political subdivision of the state, or any other group or combination acting as a unit.

(e) “Tax, fee or surcharge” does not include any taxes, penalties, additions to tax, fees, interest, or other charges, imposed pursuant to Part 10 (commencing with Section 17001) of, Part 10.2 (commencing with Section 18401) of, or Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code.

(f) “Total transaction price” means either of the following:

(1) The total amount of consideration received by the merchant for the sale of goods or services in a single transaction, including any applicable taxes, fees, or surcharges, or tax, fee, or surcharge reimbursement.

(2) An installment payment made in a single transaction.

1789.62.

(a) Notwithstanding any other laws, regulations, or standards of the state or local government and except as provided in subdivision (b), a merchant doing business in this state shall determine the total transaction price of goods or services in the following manner:

(1) Calculate the sum of goods and services, making any subtraction for a discount or deduction and then any addition for applicable taxes, fees, and

surcharges, including a sales and use tax, electronic recycling fee, tire fee, and 911 surcharge, in accordance with all applicable law.

(2) (A) (1) If a mill, the total transaction price ends with one cent (\$0.01), two cents (\$0.02), six cents (\$0.06), or seven cents (\$0.07) is at the end of the resulting sum from paragraph (1), that sum or the final cash amount returned to the customer it shall be rounded down to the nearest amount of cents divisible by five for those individuals seeking to pay payments made in whole with legal tender.

(B) (2) If the total transaction price ends with three cents (\$0.03), four cents (\$0.04), eight cents (\$0.08), or nine cents (\$0.09) is at the end of the resulting sum from paragraph (1), that sum or the final cash amount returned to the customer it shall be rounded up to the nearest amount of cents divisible by five for those individuals paying payments made in whole with legal tender.

(b) The total price of goods or services shall not be calculated pursuant to subdivision (a) for the following transactions The rounding requirements pursuant to subdivision (a) shall not apply if either of the following applies:

(1) The sum of goods and services total transaction price is two cents (\$0.02) or fewer.

(2) Payment A payment for the full amount of the total transaction price is made entirely by any demand or negotiable instrument, electronic fund transfer, money order, credit card, debit card, electronic payment, cryptocurrency, or other like instrument.

(c) Any tax imposed by the state or a local government shall not apply to gains or losses resulting from rounding.

(c) Any merchant selling goods or services shall not be in violation of any state or local requirements, laws, regulations, or standards based on any lawful action taken in compliance with the section.

(d) Any refund issued by a merchant to a customer with respect to the sale of goods or services that is paid in whole or in part with legal tender shall be rounded in the same manner as the total transaction price pursuant to this section.

(e) (1) If a payment for the total transaction price is made with a combination of legal tender and any other method or methods, the merchant shall round the portion of the total transaction price equivalent to the amount paid with legal tender in the same manner as the total transaction price pursuant to this section

(2) Any rounding made pursuant to this subdivision shall not alter or affect the exact amount authorized, cleared, or settled through any noncash payment system.

1789.63 The Treasurer may promulgate regulations to implement this title, including, but not limited to, authorization of exemptions or exclusions from this title.

1789.63. Notwithstanding any other law, any rounding adjustment pursuant to Section 1789.62 shall be disregarded for purposes of the computation of any applicable tax, fee, or surcharge, tax, fee, or surcharge reimbursement, or the measure thereof.

1789.63.1789.64

(a) A person shall not, in connection with a retail transaction subject to cash rounding under Section 1789.62, collect from a purchaser an amount greater than the amount permitted after application of the rounding requirements.

(b) A violation of this section is subject to the same remedies, penalties, inspection authority, and enforcement procedures applicable to a violation of Section 12024.2 of the Business and Professions Code.

(c) This section does not apply to the calculation, reporting, or remittance of taxes administered by the California Department of Tax and Fee Administration.

(d) For purposes of this section, "overcharge" means an amount collected in excess of the amount permitted after application of the rounding requirements pursuant to Section 1789.62.

1789.65 The California Department of Tax and Fee Administration may promulgate regulations to implement Section 1789.63.

1789.66

This title shall become operative July 1, 2027.

1789.67 The provisions of this title are severable. If any provision of this title or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application. SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

5. **Issues for further consideration.** In order to ensure the bill can be effectively implemented and that provisions for consumer protection can be enforced by DMS, the Author should continue working with stakeholders to ensure appropriate code placement and to ensure that appropriate resources are made available to DMS to expand its efforts, particularly if the goal is for proactive DMS enforcement work.

SUPPORT AND OPPOSITION:

Support:

California Fuels and Convenience Alliance
 California Grocers Association
 California Retailers Association
 California Association for Micro Enterprise Opportunity (CAMEO)
 Cinema Association of California
 San Diego Regional Chamber of Commerce

Opposition:

None received

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