SENATE BILL REPORT
SHB 2334

As of February 18, 2026

Title: An act relating to adjusting the price of a cash transaction to eliminate the need for pennies.

Brief Description: Adjusting the price of a cash transaction to eliminate the need for pennies.

Sponsors: House Committee on Finance (originally sponsored by Representatives Berg, Street, Parshley, Ryu, Ramel, Reed, Fitzgibbon, Zahn, Wylie, Morgan, Thomas, Ormsby, Stearns, Macri, Hill and Thai).

Brief History: Passed House: 2/12/26, 89-6.
Committee Activity: Business, Trade & Economic Development: 2/18/26.

Brief Summary of Bill

- Authorizes sellers to round the total price of an in-person cash transaction to the nearest $0.05 increment.
- Specifies the application of taxes and preemption over local laws.

SENATE COMMITTEE ON BUSINESS, TRADE & ECONOMIC DEVELOPMENT

Staff: John Kim (786-7453)

Background: In 2025, the United States Department of the Treasury (U.S. Treasury) announced it would cease manufacturing new pennies and that the Federal Reserve will continue to recirculate the approximately 114 billion pennies currently in existence, but how long existing pennies will remain in circulation would depend largely on consumer behavior.

The U.S. Treasury advised that retailers should continue accepting pennies and providing penny change for cash transactions while the coin remains in circulation. When penny

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change is not available, businesses may round the final amount of a cash transaction to the nearest $0.05 increment. The U.S. Treasury stated how states and localities will ultimately amend their sales tax laws is the right and responsibility of those jurisdictions.

Summary of Bill: Permissible Rounding. The total price of any in-person cash transaction may be rounded to the nearest $0.05 increment as follows:

- if the final digit of a cash transaction ends in $0.01, $0.02, $0.06, or $0.07, the final digit may be rounded down to the nearest amount divisible by $0.05.
- if the final digit of a cash transaction ends in $0.03, $0.04, $0.08, or $0.09, the final digit may be rounded up to the nearest amount divisible by $0.05.
- if the final digit of a cash transaction ends in $0.00 or $0.05, the final digit may not be rounded up or down.

For example, for cash transactions with a total price ranging from $1.00 to $1.10:

Total price	*Rounded price to nearest $0.05*
$1.00	$1.00 (not rounded)
$1.01	$1.00
$1.02	$1.00
$1.03	$1.05
$1.04	$1.05
$1.05	$1.05 (not rounded)
$1.06	$1.05
$1.07	$1.05
$1.08	$1.10
$1.09	$1.10
$1.10	$1.10 (not rounded)

The following apply to rounding:

- it applies only to in-person payments made by legal tender and does not apply to payments made by demand or negotiable instrument, electronic funds transfer, money order, credit card, debit card, electronic payment, or other like instrument;
- for mixed-tender transactions, any amount paid by a customer in cash must first be applied to the sales price of the goods or services, and any remaining balance may be

paid through electronic or noncash methods, such that rounding is not applied to any portion of the transaction paid by noncash methods; and
- when pennies are not available, state and local agencies may apply the above rounding if any tax, fee, or similar charge included in or applicable to the transaction is remitted to the state on the pre-rounded amount.

Sales and Use Tax Calculation and Remittance. Any person selling goods or services must calculate and remit all taxes and fees imposed by state or municipal taxing authorities based on the sales price before any transaction rounding.

Rounding applies solely to the payment amount tendered and does not alter the sales price, the amount of tax owed or collected, or any surcharges, assessments, or applicable fees imposed on the sale.

Sales and use tax must be calculated on the selling price of goods, services, or other products subject to sales tax without regard to any rounding.

Business and Occupation Tax Not Applicable. Business and occupation tax does not apply to amounts received from rounding-up adjustments and no deduction is allowed for rounding-down adjustments.

Preemption. The act preempts and supersedes any ordinance, regulation, or rule adopted by a local government that prohibits, restricts, penalizes, or otherwise regulates any seller's or government's ability to round cash transactions as authorized by the act.

A local government may not enforce any law that treats lawful rounding under this section as a surcharge, penalty, or unlawful price differential based on the method of payment.

Immunity. The rounding of a total price in accordance with the act that creates an inconsistency with any displayed or advertised price is not actionable under the Consumer Protection Act.

Rounding in compliance with the act by any person selling goods or services does not constitute a violation of any state or municipal requirements, laws, regulations, or standards.

Definitions. The following are defined:
- legal tender means all coins and currencies of the United States;
- total price means the final amount due and payable by the buyer for the purchase of any good, service, or other product, or combination thereof, after all applicable taxes and fees are applied, as well as any discounts or other adjustments that are made by the seller; and
- transaction means the entire purchase by a buyer from a seller for all goods, services, and other products, at that date and time as is shown on an invoice or receipt. A transaction may include one item or multiple items.

Tax Preference Requirements Not Applicable. Requirements for tax preferences do not apply to the act.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: We worked with the State Treasurer, local businesses, and the Department of Revenue to make sure folks are held harmless when they round, and that when paying with cash, you can use exact change.

The Washington Food Industry Association supports the bill. Over the last several months, our stores have experienced challenges providing exact change to customers because we cannot get pennies from banks. This bill provides the guardrails we need to update our point-of-sale systems. It's a common-sense solution to a problem that retailers of all sizes are facing.

The NW Grocery Retail Association supports the bill. It provides a safe harbor and makes sure that consumers understand what the policy is and that we're all doing it the same way. We think the bill has moved in the right direction. There is a small amendment we'd like to see regarding mixed-tender transactions. The bill currently says you have to deal with the cash component of the transaction first. We don't think it makes sense because some folks may pay, for example, with gift cards and they want to zero out the gift card balance. If we deal with the cash portion first, it could be that we're leaving some cents on the gift card. We suggest not rounding the cash portion when someone's using some other form of payment.

I experienced the loss of pennies when I was living in Australia about 20 years ago. I can assure you that nobody missed them a bit.

Persons Testifying: PRO: Representative April Berg, Prime Sponsor; Molly Pfaffenroth, Washington Food Industry Association; Tod Petersen; Brandon Houskeeper, NW Grocery Retail Association.

Persons Signed In To Testify But Not Testifying: No one.