

SESSION OF 2026

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2797

As Amended by House Committee on Taxation

Brief*

HB 2797, as amended, would provide requirements for rounding payment amounts for monetary transactions, as long as a one cent coin is legal tender in the United States.

Cash transactions involving United States legal tender in the form of currency and coins would be required to be rounded to the nearest \$0.05 when exact remittance or change cannot be provided. Such transactions in any amount less than \$0.5 would be required to be rounded up to \$0.05.

Non-cash transactions would be required to be rounded to the nearest \$0.01, and for mixed-tender transactions, rounding would only apply to the cash portion of payment.

The final transaction amount subject to rounding would be required to include all applicable fees, surcharges, sales and use taxes, duties, rebates, and other charges due.

Entities accepting cash payments or only accepting specific payment types would be required to apply the policy in a consistent and transparent manner at the point of transaction.

The bill also provides definitions for “cash,” “non-cash,” and “cash transaction.”

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

Background

The bill was introduced by the House Committee on Taxation at the request of Representative A. Smith.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of Fuel True Independent Energy and Convenience, Kansas Bankers Association, and Kansas Chamber of Commerce. The proponents generally stated the shortage or potential shortage of pennies in circulation creates problems for retailers, including risk of financial losses or legal exposure, and the bill would provide a solution until Congress passes legislation to address the issue.

No other testimony was provided.

The House Committee amended the bill to:

- Clarify the definition of “cash transaction”; and
- Provide for application of rounding to mixed-tender transactions.

Fiscal Information

According to the fiscal note provided by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates the bill would have no fiscal effect on state and local sales tax revenues and the Kansas Department of Transportation indicates the bill would have no fiscal effect.

The League of Kansas Municipalities and the Kansas Association of Counties indicate the bill would not have a fiscal effect on local tax revenues but could have unknown costs associated with programming updates to local governments' point of sale systems to accept cash payments for taxes, fees, goods, and services.

Commerce; currency; penny; financial transactions; rounding