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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 737**  
**136<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for H.B. 737's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Roemer and T. Hall

**Local Impact Statement Procedure Required:** No

Francis Bediako, Economist

### **Highlights**

- The bill has no direct fiscal effect on state and local governments.

### **Detailed Analysis**

The bill enacts section 9.18 of the Revised Code, requiring that cash payments made to the state, a state agency, or a political subdivision be rounded to the nearest nickel. The bill applies to any tax, toll, fee, fine, or other charge paid in cash. The bill also permits merchants to round the final price for cash transactions and directs how any rounding adjustments must be reflected in the tax amounts they remit.

The bill defines how certain cash payments must be rounded, specifically, to the nearest five cents. This means that amounts ending in one or two cents round down to zero, amounts ending in three or four cents round up to five, amounts ending in six or seven cents round down to five, and amounts ending in eight or nine cents round up to zero.

This rounding rule aligns with widely recommended symmetrical rounding practices described in recent guidance from the National Conference of State Legislatures (NCSL) and used in countries that have eliminated low denomination coins such as Canada.

### **Fiscal impact**

The bill requires the state, state agencies, counties, municipalities, townships, and special taxing districts to accept rounded cash payments as payment in full. The bill may cause small changes in the amount of cash collected for taxes, fines, fees, or other charges because some payments will round up and others will round down. Rounding applies only to the final cash payment amount, not to the tax base or the amount of tax owed. For state and local governments, these rounding effects are expected to offset each other over time, resulting in no meaningful or significant net fiscal impact on counties, municipalities, townships, school districts,

or other local tax jurisdictions. The Federal Reserve Bank of Richmond estimated the potential consumer impact of phasing out the penny using a small sample of adults (i.e., the 2023 Diary of Consumer Payment Choice), and it estimated that the cost to U.S. consumers could be about [\\$6 million](#) annually, which is a negligible amount relative to the \$21 trillion in annual U.S. consumer expenditures. Similarly, [NCSL commented](#) that “one potential issue is that retailers might engage in strategic pricing that leverages rounding rules to their advantage. While this concern is theoretically valid, the practical mechanisms for such pricing strategies appear limited.”

The bill does not require new systems, staffing, or administrative processes for local governments. Existing payment processes can accommodate the rounding requirement without any significant fiscal effect on local government.