



Testimony of VPIRG Consumer Protection Advocate Zachary Tomanelli on H.837 – An act relating to rounding cash transactions

*Testimony before the House Commerce & Economic Development Committee
March 31, 2026*

Introduction

Good morning. My name is Zachary Tomanelli and I am the consumer protection advocate for VPIRG, the Vermont Public Interest Research Group. For more than 50 years, VPIRG has advocated for the public interest in policy debates concerning the environment, health care, democracy, and consumer protection. I appreciate the opportunity to share our perspective on H.837.

VPIRG is generally favorable toward H.837. We view it as a reasonable and measured response to a practical problem created by the federal government's decision to discontinue penny production. We believe the symmetrical rounding framework it establishes is the fairest available approach for both businesses and consumers. We offer the following context and one factual observation the Committee should have as it considers this legislation.

Background

In May 2025, the U.S. Treasury placed its final order for penny blanks, and new penny production is expected to cease by early 2026. The immediate practical consequence for Vermont businesses is a penny shortage: with pennies no longer entering circulation in meaningful numbers, many cash transactions simply cannot be made whole to the cent.

In the absence of any guiding legislation, it is our assumption that most businesses have defaulted to rounding down — absorbing the loss rather than risk liability. This is because, under existing Vermont law, rounding up could potentially be characterized as an unlawful surcharge or a form of price discrimination. While this default practice is understandable, it places the entire burden of penny elimination on businesses, a burden that could, over time, affect pricing for all consumers.

What the Bill Does

H.837 provides a voluntary “safe harbor” for Vermont businesses that choose to round cash transactions to the nearest five-cent increment. The rounding rule it codifies is symmetrical: if a transaction ends in \$0.01, \$0.02, \$0.06, or \$0.07, the amount is rounded down; if it ends in \$0.03, \$0.04, \$0.08, or \$0.09, it is rounded up. The bill is explicit that participation is optional, applies only to cash transactions, excludes wages and certain federally governed transactions, requires point-of-sale disclosure to consumers, and does not affect the pre-rounding amount for tax calculation purposes.

This approach is consistent with what other states and countries that have phased out low-denomination coins have adopted. Canada eliminated its penny in 2012 and has operated under a symmetrical rounding framework since.¹ From a pure policy design standpoint, symmetrical rounding is the most structurally equitable approach available: by design, it rounds up and down with equal frequency, assuming prices are distributed uniformly.*

***A note on the research**

We want to ensure the Committee has the benefit of the most current empirical research on this question. In July 2025, economists at the Federal Reserve Bank of Richmond published an analysis of how symmetrical rounding is likely to affect U.S. consumers in practice.² Their findings are worth noting.

Using data from the Federal Reserve's 2023 Diary of Consumer Payment Choice — a nationally representative survey of actual consumer transactions — the researchers found that symmetrical rounding does not, in practice, produce neutral outcomes for consumers. This is because retail prices are not uniformly distributed: a disproportionate share of prices end in 9 cents (e.g., \$9.99, \$14.99), which under the symmetrical rounding rule triggers a round-up. As a result, the Richmond Fed estimates that rounding to the nearest nickel would cost U.S. consumers approximately \$6 million annually in aggregate — a modest but real transfer from consumers to businesses.

We raise this not to oppose the bill, but because we believe the Committee should be aware of what the evidence shows. The so-called “rounding tax” the Richmond Fed identifies is real, even if relatively small. And we note that its magnitude will depend significantly on whether Vermont businesses— if they choose to round at all — adjust their pricing practices over time.

We do not have a specific policy recommendation to address this dynamic. The alternative — legislating that businesses must always round down — would simply codify the current default and continue to place the full cost of penny elimination on businesses, which carries its own tradeoffs. On balance, we agree that a voluntary symmetrical rounding framework is the most defensible approach available.

Conclusion

In summary, VPIRG offers our support of H.837. The bill addresses a real and immediate practical problem in a reasonable way. We appreciate the Committee's inclusion of important consumer protections — voluntary business participation, mandatory point-of-sale disclosure, and refund accuracy requirements — which we view as important guardrails. We simply encourage the Committee to consider the Richmond Fed's findings as part of its deliberations and to remain attentive to how rounding practices develop in practice, should this bill become law.

Thank you for the opportunity to present this testimony.

¹ <https://www.budget.canada.ca/2012/themes/theme2-eng.pdf>

² https://www.richmondfed.org/publications/research/economic_brief/2025/eb_25-27