



Trade Associations Urge Congress to Address Penny Shortage

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October 6, 2025

Last week, a coalition of retail and restaurant trade associations sent a letter to leaders of congressional banking committees urging them to enact national legislation to allow them to round cash transactions to the nearest nickel. The US Mint produced its last pennies in June and the Federal Reserve recently reported that dozens of coin distribution locations have already run out of pennies to distribute to facilitate commerce.

The Common Cents Act (H.R. 3074 and S. 1525) is currently pending in Congress. Here are the key provisions:

- Cash transactions would be rounded to the nearest 5 cents at the final total.
- All existing pennies would remain legal tender.
- Non-cash transactions, such as payments with credit cards, debit cards, checks, and electronic transactions would continue to use exact amounts.

The letter urges Congress to move quickly because many businesses can no longer provide exact change as their access to pennies dwindles. The groups note that businesses can't simply avoid this problem by changing their pricing. "State and local sales taxes impact the prices of many products which cause final sales prices to vary in a way that makes it impossible to avoid the need for rounding."

The groups also encourage Congress to add provisions to the bill to ensure that rounding for customers who pay with cash doesn't violate terms of the SNAP program, which prohibits treating SNAP customers more or less favorably than other customers. The groups also said they want to make sure retailers can still facilitate check cashing.

Retailers will want to keep an eye on these developments.