



Bulletin

BUL-2026-01

RECENT LEGISLATION

TO: Local Officials
FROM: Kenneth Woodland, Chief, Municipal Finance Law Bureau
DATE: January 2026
SUBJECT: Potential Penny Shortage

The Division of Local Services (DLS) is aware of the potential for penny shortages as the U.S. Treasury has stopped minting the penny. This Bulletin is intended to help cities and towns navigate this issue. This Bulletin only applies in scenarios where a cash payment is made to a community. The elimination of the penny does not impact payments that are made electronically or via check.

1. If a property tax payment is made in cash and there are no pennies to provide exact change, can the collector round the payment up to the nearest nickel?

In short, no. A collector has a duty to refund overpayments of tax bills. The municipality has, in general, no right to the excess payments, and the collector has no authority to retain payments in excess of the warrant and commitment. A tax commitment creates a liability of the person assessed to the municipality, a liability that the collector is authorized, indeed required, to collect by virtue of the warrant. There is also no statutory requirement for a taxpayer to apply for such a refund.

However, it is important to note that there is no overpayment of tax bills until the payments exceed the total amount of the commitment for the year. As such, overpayment does not occur until payment of the total tax bill, so overpayments on earlier tax bills, e.g., a first half real estate tax bill, can be applied as a credit to a future bill, e.g., the second half real estate tax bill.

2. Similarly, if a property tax payment is made in cash and there are no pennies to provide exact change, can the collector round the payment down to the nearest nickel?

In short, no. A tax commitment creates a liability of the person assessed to the municipality, a liability that the collector is authorized, indeed required, to collect by virtue of the warrant. Failure to collect the entire amount, by even just a few pennies, would cause an outstanding amount to exist and subject the parcel to potential tax title and foreclosure.

3. If a property tax payment is made in cash and there are no pennies to provide exact change, and an overpayment refund is due, how can a municipality provide the same?

In short, they might not have to. In order to reduce the administration costs associated with the processing of abatements and refunds of small amounts, G.L. c. 60A, § 1 provides that no abatement of a motor vehicle excise may be granted, nor refund paid in an amount less than \$5.00. For real and personal property taxes, refunds of less than \$1.00 may not be paid. G.L. c. 59, § 58A.

To avoid this situation altogether, it may be prudent to suggest that taxpayers pay by check or pay with exact change.

4. Is the federal government considering a legislative fix to this issue?

We are waiting for the federal government to clarify the issue. DLS intends to follow any federal legislation that concerns this topic and keep cities and towns updated on the same.