TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
Comptroller

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MEMORANDUM TO: Tennessee Local Government Entities

FROM: Jason E. Mumpower, Comptroller of the Treasury

SUBJECT: Payment Processing Information Following Penny Discontinuance

In light of the federal discontinuance of the penny, this guidance aims to assist local governments, including utilities and authorities, in adopting processing procedures that are authorized under federal and state law while maintaining fair and transparent operations.

Payment Procedures

Local governments should consider implementing procedures for all customer transactions in response to the discontinuation of the penny. Below are options that local governments may wish to consider:

- Requiring or encouraging customers to provide exact change when making cash payments;
- Offering alternative payment methods including debit cards, credit cards, electronic checks, or online payment portals;
- Establishing protocols for crediting a customer's account when a customer is paying non-exact cash for recurring payments;
- Declining to accept non-exact cash payments, when authorized; and
- Adjusting rates, fees, and charges within the local government's legal authority to multiples of $0.05 or $0.10.

Implementation Considerations

Prior to implementing any new or amended policies or procedures related to the discontinuance of the penny, local governments should remember these important considerations:

- Consult with your attorney to ensure you are acting within your legal authority;
- Ensure that any new policies and procedures are reasonable as applied to your local community;
- Refrain from adopting policies and procedures that provide a benefit to one type of payment over another;
- Apply new policies and procedures uniformly;
- Clearly communicate any new policies and procedures to the local community through appropriate channels;
- Train all staff as necessary; and
- Ensure all policies and procedures comply with government accounting standards and that accounting systems can appropriately address the new policies and procedures.