

A Penny Nickel for Your Thoughts

On Nov. 12, 2025, the United States Mint pressed its final penny. With this final pressing, collecting officers in New York State face a significant, immediate change in how cash payments are processed. The legal mandate under the warrant remains the same: collecting officers must collect the exact tax amount listed, plus interest and penalties as required, with no authority to reduce the amount due on their own discretion.

The Warrant and “Exact Amount” Real Property Tax Collection

The warrant provides collecting officers with the legal authority to collect real property taxes as precisely listed, including any applicable interest after the penalty-free period. Collecting officers and governing boards cannot arbitrarily round amounts or waive minimal overpayments or underpayments, as all sums collected belong to the taxing jurisdictions as provided for in the warrant.

Elimination of the Penny: Practical Collection Impacts

Despite the final minting, the penny remains legal tender. As it leaves circulation, cash transactions will *eventually* require rounding to the nearest five cents for practical reasons:

- Amounts ending in 1, 2, 6, or 7 cents will be rounded down.
- Amounts ending in 3, 4, 8, or 9 cents will be rounded up.
- Amounts ending in 0 or 5 cents remain unchanged.

Importantly, rounding will hypothetically only apply to cash transactions, and electronic payments and checks will continue to be made to the exact penny.

Current New York Authority and Practice

[New York is considering legislation](#) requiring cash purchases to be rounded to the nearest five cent increment to address the phase-out of pennies. This legislation applies to merchants and, if adopted, can provide a non-binding framework for local governments. Until statewide rules are in place, collecting officers should:

- Encourage alternative forms of payments, including electronic payments, payments by check and by credit card;
- Do not engage in rounding up or down at this point – the governing board can require exact amount payments in cash or cash by appointment only.

Handling Overpayments and Underpayments

Overpayments, even if minimal, must be refunded to the taxpayer, as the municipality cannot keep small overages incurred due to rounding. No statute allows crediting de minimis overpayments to the locality; refunds are required even if the refund costs exceed the overpayment itself.

Underpayments are not authorized, and collecting officers cannot accept less than the amount due pursuant to the warrant unless their town has opted into partial payment programs by appropriate resolution.

Legal Tender and Payment Options

Collecting officers must accept all United States coins and currency as legal tender for tax payments ([see](#) 31 USC § 5103). As pennies disappear, if a taxpayer cannot produce the exact amount and rounding eventually occurs, the process must be transparent and well-documented.

Alternative payment options (payment by checks, ACH and online payments and credit/debit card payments) remain available and are unaffected by the penny's elimination, allowing payment to the exact amount due.

Collecting officers and local governments should prepare for practical challenges as the penny phases out, adhering to the strict requirements of the warrant while following developing state policies on cash rounding. Overpayments must be refunded, and accepting less than the total due remains unauthorized except under partial payment or installment payment provisions. Clear communication with taxpayers and careful recordkeeping throughout this transition will be essential. As municipalities navigate this change, one thing is certain: when it comes to protecting taxpayers and maintaining fiscal precision, local governments will make every cent (or lack thereof) count.

Current Issues in Tax Collection

November 17, 2025

A Nickel for Your Thoughts

On November 12, 2025, the [U.S mint pressed its final penny](#). With this final pressing, collecting officers in New York State face a significant, immediate change in how cash payments are processed. The legal mandate under the warrant remains the same: collecting officers must collect the exact tax amount listed, plus interest and penalties as required, with no authority to reduce the amount due on their own discretion.

The Warrant and “Exact Amount” Collection

- The warrant provides collecting officers with the legal authority to collect the tax amount as precisely listed, including any applicable interest after the penalty-free period.
- Collecting officers cannot arbitrarily round amounts or waive minimal overpayments/underpayments, as all sums collected belong to the taxing jurisdictions

Elimination of the Penny: Practical Collection Impacts

- The penny remains legal tender, but as it leaves circulation, cash transactions will eventually require rounding to the nearest five cents for practical reasons:
 - Amounts ending in 1, 2, 6, or 7 cents will be rounded down.
 - Amounts ending in 3, 4, 8, or 9 cents will be rounded up.
 - Amounts ending in 0 or 5 cents remain unchanged.
- Importantly, rounding only applies to cash transactions—electronic payments and checks will continue to be made to the exact penny.

Current New York State Authority and Practice

- [New York is considering legislation](#) requiring cash purchases to be rounded to the nearest five cent increment to address the phase-out of pennies. This legislation applies to merchants and, if adopted, can provide a non-binding framework for local governments. Until statewide rules are in place, collecting officers should:
 - Encourage alternative forms of payments, including electronic payments, payments by check and by credit card;
 - Do not engage in rounding up or down at this point – the governing board can require exact amount payments in cash or cash by appointment only.

Handling Overpayments and Underpayments

- Overpayments, even if minimal, must be refunded to the taxpayer—the town cannot keep small overages incurred due to rounding. No statute allows crediting de minimis overpayments to the municipality; refunds are required even if the refund costs exceed the overpayment itself.

- Underpayments are not authorized, and collecting officers cannot accept less than the amount due unless their town has opted into partial payment programs by appropriate resolution.

Legal Tender and Payment Options

- Collecting officers must accept all United States coins and currency as legal tender for tax payments. As pennies disappear, if a taxpayer cannot produce the exact amount and rounding **eventually** occurs, the process must be transparent and well-documented.
- Alternative payment options (checks, online, credit/debit) remain available and are unaffected by the penny's elimination, allowing payment to the exact amount due.

In summary: Collecting officers should prepare for practical challenges as the penny phases out, adhering to the strict requirements of the warrant while following developing state policies on cash rounding. Overpayments must be refunded, and accepting less than the total due remains disallowed except under partial payment provisions. Clear communication with taxpayers and careful recordkeeping throughout this transition will be essential.

What notice is required when filing delinquencies with the County Clerk (Westchester and County specific)?

Under Article 11 of the Real Property Tax Law, a tax lien on real property attaches automatically upon the issuance of the tax warrant and levy, and no separate filing with the county clerk is required for the lien itself to be effective. However, specific filings with the county clerk are mandatory once the in rem foreclosure process begins. The enforcing or collecting officer must file a verified list of delinquent taxes in the county clerk's office (RPTL §1122), which serves as the official commencement of the in rem proceeding. If a parcel is redeemed, a certificate of redemption must likewise be filed (RPTL §§1110, 1122). To advance foreclosure, the enforcing officer must execute and file a petition of foreclosure (RPTL §1123) and subsequently file affidavits of notice, publication, posting, and mailing with the county clerk when applying for judgment (RPTL §1128). In short, while no lien filing is required to create the lien, strict notice and filing requirements with the county clerk must be followed to enforce it through foreclosure.

- The tax lien attaches to the property as of the warrant date; no filing with the county clerk is needed for the lien to attach.
- The collecting/enforcing officer must prepare and file a verified list of delinquent taxes with the county clerk (RPTL §1122).
- This list filing is a mandatory procedural step to officially commence the in rem foreclosure.
- If the property is redeemed, a certificate of redemption must be filed with the county clerk (RPTL §§1110, 1122).
- The enforcing officer must file a petition of foreclosure with the county clerk to proceed with foreclosure (RPTL §1123).
- Affidavits of filing, publication, posting, and mailing related to the foreclosure process must be filed with the county clerk upon the application for judgment (RPTL §1128).

- The county clerk's office maintains these filings as official records and acts as the filing location for foreclosure documents and redemption records.

Can villages still conduct tax lien sales?

Villages that historically conducted tax lien sales under section 1454 of the Real Property Tax Law remain authorized to do so for tax liens that became enforceable on or before December 31, 2024. This authority was extended through Chapter 562 of the Laws of 2021, which amended prior legislation dating back to 1993. The law permits those villages to continue using the tax enforcement procedures that existed under Title 3 of Article 14 of the Real Property Tax Law as it was in effect before the statewide transition to Article 11 procedures. However, this authorization does not extend to liens that arise on or after January 1, 2025. A bill that would have continued this authority through 2027 was vetoed, leaving no current statutory authorization for villages to conduct tax lien sales for liens after 2024. Going forward, unless new legislation is enacted, villages must utilize the enforcement procedures outlined in Article 11 of the Real Property Tax Law for any liens arising in 2025 or later.

New case pending at Supreme Court – [Pung v Isabella County, Michigan](#)

The Supreme Court of the United States granted certiorari to hear a case that will decide whether a taxing jurisdiction's sale of a foreclosure property below the assessed value constitutes an unconstitutional taking under the Takings Clause of the Fifth Amendment and whether the sale constitutes an excessive fine or punishment in violation of the Eighth Amendment. NYAOT is filing an amicus brief with the Supreme Court in support of local governments on this issue.