

110TH CONGRESS
2D SESSION

H. R. 5512

To authorize the Secretary of the Treasury to prescribe the weights and the compositions of circulating coins, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2008

Mr. SPACE (for himself, Mr. GUTIERREZ, and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To authorize the Secretary of the Treasury to prescribe the weights and the compositions of circulating coins, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Coin Modernization
5 and Taxpayer Savings Act of 2008”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

8 (1) International demand along with market
9 speculation for commodity metals has, over the past

1 several years, increased the cost of producing circu-
2 lating coins in the United States.

3 (2) In a July 30, 2007, letter to Congress, the
4 Department of the Treasury, with support of the
5 Administration's Office of Management and Budget,
6 requested that legislation be put forward to author-
7 ize the Secretary of the Treasury to make changes
8 to the composition of circulating coins.

9 (3) The United States Mint has studied alter-
10 native metals for use in circulating coins, as noticed
11 in its 2004 annual report.

12 (4) In 1943, the United States Mint produced
13 zinc-coated steel pennies in response to war-time de-
14 mands for copper.

15 (5) The United States Mint gained further ex-
16 perience changing the metal content of pennies in
17 1982, when it began producing copper-coated zinc
18 pennies as a result of rising copper prices.

19 (6) The Royal Canadian Mint has produced for
20 several years a copper-coated steel 1-cent coin that
21 is similar to the United States penny at a signifi-
22 cantly lower cost than the cost to produce the
23 United States penny.

24 (7) Given the current cost to make a penny and
25 volume of pennies minted, by simply reducing penny

1 production costs to face value, the United States will
2 save nearly \$600,000,000 dollars in the next 10
3 years alone.

4 (8) Removing the statutory language that re-
5 quires specific weights and content for circulating
6 coins will allow the Secretary of the Treasury to
7 make adjustments to any circulating coin when ris-
8 ing metal prices makes its production costs prohibi-
9 tive, which will create additional future savings to
10 the government.

11 (9) Commodity metal prices are often cyclical in
12 nature, and can be inflated by speculation, so it is
13 important that a solid trend in the rising price of a
14 commodity metal be established before any change in
15 the metal content of a coin is made.

16 (10) Congress has delegated the authority to
17 coin money to the Secretary of the Treasury since
18 1792.

19 (11) Congress has additionally delegated au-
20 thority to the Secretary of the Treasury to deter-
21 mine the composition of some coins.

22 (12) The United States \$1 Coin Act of 1997
23 (31 U.S.C. 5101 nt.) delegated to the Secretary the
24 authority to determine the composition of the dollar
25 coin.

1 (13) In Public Law 93–441, Congress gave the
2 Secretary the authority to determine the weights and
3 alloys of the copper and zinc in 1-cent coins.

4 **SEC. 3. WEIGHTS AND COMPOSITIONS OF CIRCULATING**
5 **COINS.**

6 (a) **WEIGHT AND COMPOSITION OF CIRCULATING**
7 **COINS DETERMINED BY THE SECRETARY.**—Subsection
8 (c) of section 5112 of title 31, United States Code, is
9 amended to read as follows:

10 “(c) **WEIGHT AND COMPOSITION OF COINS.**—

11 “(1) **IN GENERAL.**—The Secretary shall pre-
12 scribe the weight and the composition of the dollar,
13 half dollar, quarter dollar, dime, 5-cent, and 1-cent
14 coins. The coins shall be coined, minted and mate-
15 rials fabricated in the United States.

16 “(2) **FACTORS TO BE CONSIDERED.**—In pre-
17 scribing the weight and the composition of the dol-
18 lar, half dollar, quarter dollar, dime, 5-cent, and 1-
19 cent coins, the Secretary shall consider—

20 “(A) factors relevant to the potential im-
21 pact of any revisions to the weight and composi-
22 tion of the material on the current coin sup-
23 pliers;

24 “(B) factors relevant to the acceptability of
25 new coinage materials, including the effect on

1 vending machines and commercial coin proc-
2 essing equipment; making certain any new coins
3 work without interruption in existing coin ac-
4 ceptance equipment without modification; and

5 “(C) such other factors that the Secretary,
6 in consultation with merchants who would be
7 affected by any change in the weight and com-
8 position of currency denominations, vending
9 machine and other coin acceptor manufacturers,
10 vending machine owners and operators, transit
11 officials, municipal parking officials, depository
12 institutions, coin and currency handlers, ar-
13 mored-car operators, car wash operators, and
14 American-owned manufacturers of commercial
15 coin processing equipment, considers to be ap-
16 propriate and in the public interest, in accord-
17 ance with subchapter II of chapter 5 of title 5,
18 United States Code.

19 “(3) COMMENT AND SELECTION PROCESS.—In
20 making any determination with respect to any
21 change in the weight and composition of any coin,
22 the Secretary shall enter into a formal rulemaking
23 process.”.

24 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

1 (1) Section 5112(a) of title 31, United States
2 Code, is amended—

3 (A) in paragraph (2), by striking “and
4 weighs 11.34 grams”;

5 (B) in paragraph (3), by striking “and
6 weighs 5.67 grams”;

7 (C) in paragraph (4), by striking “and
8 weighs 2.268 grams”;

9 (D) in paragraph (5), by striking “and
10 weighs 5 grams”; and

11 (E) by striking paragraph (6) and insert-
12 ing the following new paragraph:

13 “(6) A 1-cent coin that is 0.75 inch in diame-
14 ter.”.

15 (2) Section 5112(b) of title 31, United States
16 Code, is amended to read as follows:

17 “(b) SPECIFICATIONS FOR \$1 COINS AND GOLD
18 COINS.—The \$1 coin shall be golden in color, have a dis-
19 tinctive edge, have tactile and visual features that make
20 the denomination of the coin readily discernible, be coined,
21 be minted and material fabricated in the United States,
22 and have similar metallic, anti-counterfeiting properties as
23 United States coinage in circulation on the date of enact-
24 ment of the United States \$1 Coin Act of 1997. In mint-
25 ing gold coins, the Secretary shall use alloys that vary not

1 more than 0.1 percent from the percent of gold required.
2 The specifications for alloys are by weight.”.

3 (3) Section 5113(a) of title 31, United States
4 Code, is amended—

5 (A) in the 1st sentence, by striking “and
6 dime coins” and inserting “dime, 5-cent, and 1-
7 cent coins.”; and

8 (B) by striking the second and third sen-
9 tences.

10 (c) EFFECTIVE DATES.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), the amendments made by this section as
13 it pertains to each individual coin, other than sub-
14 section (b)(1)(E), shall take effect at the end of the
15 fiscal year which is the 5th of 5 sequential fiscal
16 years in each of which the net cost of producing
17 such circulating coins under section 5112 of title 31,
18 United States Code, other than the 1-cent coin, has
19 exceeded the total face value of such coin.

20 (2) 1-CENT COIN.—The amendments made by
21 this section, to the extent such amendments relate to
22 the 1-cent coin, shall take effect as of the date of
23 the enactment of this Act, subject to the amendment
24 made by section 4.

1 **SEC. 4. IMMEDIATE REDUCTION IN THE COST OF PRO-**
2 **DUCING PENNIES THROUGH THE USE OF**
3 **STEEL PENNIES.**

4 Subsection (c) of section 5112 of title 31, United
5 States Code, (as amended by section 3(a)) is amended by
6 adding at the end the following by adding at the end the
7 following new paragraph:

8 “(4) INTERIM STEEL 1-CENT COIN.—

9 “(A) IN GENERAL.—During the period be-
10 ginning 180 days after the date of the enact-
11 ment of the Coin Modernization and Taxpayer
12 Savings Act of 2008 and ending on the effective
13 date of any subsequent change by the Secretary
14 of the composition of the 1-cent coin under
15 paragraph (1), the 1-cent coin shall—

16 “(i) be produced primarily of steel;
17 and

18 “(ii) meet such other specifications as
19 the Secretary may determine to be appro-
20 priate, including any change in the weight
21 from that specified in subsection (a)(6).

22 “(B) TREATMENT.—The 1-cent coin shall
23 be treated to impart a copper color to the ap-
24 pearance of the coins so that the appearance is
25 similar to 1-cent coins produced of a copper-
26 zinc alloy.

1 “(C) EXCEPTION FOR LINCOLN BICENTEN-
2 NIAL NUMISMATIC PENNIES.—No provision of
3 this paragraph shall apply with respect to 1-
4 cent coins described in section 304 of the Presi-
5 dential \$1 Coin Act of 2005 that are issued for
6 numismatic purposes.”.

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