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

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A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

SEC. 2. FINDINGS.

The Congress finds as follows:

(1) International demand along with market speculation for commodity metals has, over the past
several years, increased the cost of producing circulating coins in the United States.

(2) In a July 30, 2007, letter to Congress, the Department of the Treasury, with support of the Administration’s Office of Management and Budget, requested that legislation be put forward to authorize the Secretary of the Treasury to make changes to the composition of circulating coins.

(3) The United States Mint has studied alternative metals for use in circulating coins, as noticed in its 2004 annual report.

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

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

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

(7) Given the current cost to make a penny and volume of pennies minted, by simply reducing penny
production costs to face value, the United States will save nearly $600,000,000 dollars in the next 10 years alone.

(8) Removing the statutory language that requires specific weights and content for circulating coins will allow the Secretary of the Treasury to make adjustments to any circulating coin when rising metal prices makes its production costs prohibitive, which will create additional future savings to the government.

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

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

(11) Congress has additionally delegated authority to the Secretary of the Treasury to determine the composition of some coins.

(12) The United States $1 Coin Act of 1997 (31 U.S.C. 5101 nt.) delegated to the Secretary the authority to determine the composition of the dollar coin.
(13) In Public Law 93–441, Congress gave the Secretary the authority to determine the weights and alloys of the copper and zinc in 1-cent coins.

SEC. 3. WEIGHTS AND COMPOSITIONS OF CIRCULATING COINS.

(a) Weight and Composition of Circulating Coins Determined by the Secretary.—Subsection (c) of section 5112 of title 31, United States Code, is amended to read as follows:

“(c) Weight and Composition of Coins.—

“(1) In general.—The Secretary shall prescribe the weight and the composition of the dollar, half dollar, quarter dollar, dime, 5-cent, and 1-cent coins. The coins shall be coined, minted and materials fabricated in the United States.

“(2) Factors to be considered.—In prescribing the weight and the composition of the dollar, half dollar, quarter dollar, dime, 5-cent, and 1-cent coins, the Secretary shall consider—

“(A) factors relevant to the potential impact of any revisions to the weight and composition of the material on the current coin suppliers;

“(B) factors relevant to the acceptability of new coinage materials, including the effect on
vending machines and commercial coin processing equipment; making certain any new coins work without interruption in existing coin acceptance equipment without modification; and

“(C) such other factors that the Secretary, in consultation with merchants who would be affected by any change in the weight and composition of currency denominations, vending machine and other coin acceptor manufacturers, vending machine owners and operators, transit officials, municipal parking officials, depository institutions, coin and currency handlers, armored-car operators, car wash operators, and American-owned manufacturers of commercial coin processing equipment, considers to be appropriate and in the public interest, in accordance with subchapter II of chapter 5 of title 5, United States Code.

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

(b) TECHNICAL AND CONFORMING AMENDMENTS.—
(1) Section 5112(a) of title 31, United States Code, is amended—

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

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

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

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

(E) by striking paragraph (6) and inserting the following new paragraph:

“(6) A 1-cent coin that is 0.75 inch in diameter.”.

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

“(b) Specifications for $1 Coins and Gold Coins.—The $1 coin shall be golden in color, have a distinctive edge, have tactile and visual features that make the denomination of the coin readily discernible, be coined, be minted and material fabricated in the United States, and have similar metallic, anti-counterfeiting properties as United States coinage in circulation on the date of enactment of the United States $1 Coin Act of 1997. In minting gold coins, the Secretary shall use alloys that vary not
more than 0.1 percent from the percent of gold required. The specifications for alloys are by weight.”.

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

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

(B) by striking the second and third sentences.

(c) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section as it pertains to each individual coin, other than subsection (b)(1)(E), shall take effect at the end of the fiscal year which is the 5th of 5 sequential fiscal years in each of which the net cost of producing such circulating coins under section 5112 of title 31, United States Code, other than the 1-cent coin, has exceeded the total face value of such coin.

(2) 1-cent coin.—The amendments made by this section, to the extent such amendments relate to the 1-cent coin, shall take effect as of the date of the enactment of this Act, subject to the amendment made by section 4.
SEC. 4. IMMEDIATE REDUCTION IN THE COST OF PRODUCING PENNIES THROUGH THE USE OF STEEL PENNIES.

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

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(4) INTERIM STEEL 1-CENT COIN.—

(A) IN GENERAL.—During the period beginning 180 days after the date of the enactment of the Coin Modernization and Taxpayer Savings Act of 2008 and ending on the effective date of any subsequent change by the Secretary of the composition of the 1-cent coin under paragraph (1), the 1-cent coin shall—

(i) be produced primarily of steel;

and

(ii) meet such other specifications as the Secretary may determine to be appropriate, including any change in the weight from that specified in subsection (a)(6).

(B) TREATMENT.—The 1-cent coin shall be treated to impart a copper color to the appearance of the coins so that the appearance is similar to 1-cent coins produced of a copper-zinc alloy.
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“(C) Exception for Lincoln Bicentennial Numismatic Pennies.—No provision of this paragraph shall apply with respect to 1-cent coins described in section 304 of the Presidential $1 Coin Act of 2005 that are issued for numismatic purposes.”.