

110TH CONGRESS
1ST SESSION

H. R. 4036

To amend title 31, United States Code, to save the American taxpayers money by immediately altering the metallic composition of the 1-cent coin, to require a prompt review and report, with recommendations, for cost-saving changes in the metallic content of other circulating United States coins, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 31, 2007

Mr. ROSKAM (for himself and Mr. CASTLE) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To amend title 31, United States Code, to save the American taxpayers money by immediately altering the metallic composition of the 1-cent coin, to require a prompt review and report, with recommendations, for cost-saving changes in the metallic content of other circulating United States 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 known as the “Cents and Sensibility
5 Act”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) The United States Mint, in its 2001 annual
4 report, announced that it was studying alternative
5 metals for use in circulating coins, but has never re-
6 leased the study publicly or delivered it to Congress.

7 (2) In May, 2006, the United States Mint deliv-
8 ered communications to the Congress indicating that
9 the cost to produce circulating coins had increased
10 dramatically owing to worldwide demand for com-
11 modity metals, to the point where—

12 (A) the price to produce 1-cent and 5-cent
13 coins had or soon would surpass the face value
14 of such coins; and

15 (B) the cost to produce the 10-cent and
16 quarter-dollar coins, while not exceeding their
17 face value, had increased dramatically.

18 (3) Such cost increases alone, while minimal
19 per individual coins, taken together could increase
20 the cost to taxpayers \$1,000,000,000 or more over
21 a decade.

22 (4) In spite of having communicated the infor-
23 mation concerning this costly dilemma, neither the
24 Secretary of the Treasury or the Director of the
25 United States Mint has made any recommendation
26 for changing the metallic content of circulating coins

1 in order to reduce the cost to produce such coins
2 and thus control the effect on the general fund of
3 the Treasury.

4 (5) Other countries, recognizing the effect of
5 the increase in commodity metal prices on the cost
6 of producing circulating coins, have adjusted the
7 metal content of some or all of their circulating
8 coins in the period in which there has been no
9 change in the metal content of United States circu-
10 lating coins.

11 (6) Canada has for several years produced a
12 cent coin similar in size and weight to the United
13 States 1-cent coin that is made of steel with a thin
14 coating of copper, leading to a unit cost to produce
15 such coins considerably less than that of the U.S.
16 cent coin, and uses similar production techniques to
17 control the costs of all of its circulating coins.

18 (7) In 1943, owing to demands for copper due
19 to the prosecution of World War II, the Mint pro-
20 duced the so-called “steel pennies” which were zinc-
21 coated steel blanks.

22 (8) In view of the prior experience of the
23 United States Mint in producing the “steel pennies”,
24 there is no reason not to change the metal content
25 of the cent coin immediately, and simply dropping

1 the unit production cost of a 1-cent coin below its
 2 face value would save the Treasury nearly
 3 \$1,000,000,000 over the next decade at current pro-
 4 duction levels.

5 (9) Any changes to the metallic content of the
 6 5-cent, 10-cent and quarter-dollar coins should be
 7 made simultaneously, to minimize the cost of adjust-
 8 ments that would need to be made to coin-accepting,
 9 coin-counting, and other coin-handling equipment
 10 and thus control costs to consumers.

11 **SEC. 3. REDUCING THE COST TO TAXPAYERS OF PRO-**
 12 **DUCING THE PENNY.**

13 (a) STEEL PENNIES REQUIRED.—Subsection (c) of
 14 section 5112 of title 31, United States Code, is amended
 15 to read as follows:

16 “(c) 1-CENT COIN.—

17 “(1) IN GENERAL.—The 1-cent coin shall—

18 “(A) be produced primarily of steel; and

19 “(B) meet such other specifications as the
 20 Secretary may determine to be appropriate, in-
 21 cluding any change in the weight from that
 22 specified in subsection (a)(6).

23 “(2) TREATMENT.—The 1-cent coin shall be
 24 treated to impart a copper color to the appearance

1 of the coins so that the appearance is similar to 1-
 2 cent coins produced of a copper-zinc alloy.

3 “(3) EXCEPTION FOR LINCOLN BICENTENNIAL
 4 NUMISMATIC PENNIES.—No provision of this sub-
 5 section shall apply with respect to 1-cent coins de-
 6 scribed in section 304 of the Presidential \$1 Coin
 7 Act of 2005 that are issued for numismatic pur-
 8 poses.”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 subsection (a) shall apply to all 1-cent coins issued after
 11 the end of the 90-day period beginning on the date of the
 12 enactment of this Act.

13 **SEC. 4. REDUCING THE COST TO TAXPAYERS OF PRO-**
 14 **DUCING OTHER CIRCULATING COINS WITH-**
 15 **OUT INTERFERING WITH THE WAY SUCH**
 16 **COINS ARE HANDLED BY BUSINESS, GOVERN-**
 17 **MENT, AND CONSUMERS IN THE COURSE OF**
 18 **ORDINARY COMMERCE.**

19 (a) REPORT REQUIRED.—Before the end of the 60-
 20 day period beginning at the end of the 90-day period re-
 21 ferred to in section 3(b), the Secretary of the Treasury
 22 shall submit a report to the Committee on Financial Serv-
 23 ices of the House of Representatives and the Committee
 24 on Banking, Housing, and Urban Affairs of the Senate
 25 describing a unified plan developed by the Secretary to

1 change the metallic content of the 5-cent, 10-cent, quar-
2 ter-dollar and half-dollar circulating coins produced by the
3 Secretary in such a way as to return the ratios between
4 the unit cost to produce such coins and the face value of
5 such coins to a point where it is as close as possible to
6 the historic production cost to face value ratios achieved
7 in the 1980s.

8 (b) DETAILED RECOMMENDATIONS AND MODEL
9 LEGISLATION.—The reports required under this section
10 shall contain detailed recommendations for the metallic
11 content of each coin in such a form that the recommenda-
12 tions could be enacted into law within 30 days after the
13 receipt of such report and appropriate congressional hear-
14 ings and the production of such coins with new metallic
15 content could begin within 90 days after the date of the
16 enactment of such new specifications, should the Congress
17 so choose.

18 (c) IMPROVED PRODUCTION EFFICIENCY.—The re-
19 ports required under this section shall include rec-
20 ommendations for changes in the methods of producing
21 coins at the United States Mints that would further reduce
22 the costs to produce circulating coins.

23 (d) MINIMIZING POTENTIAL CONVERSION COSTS.—
24 The reports required under this section shall—

1 (1) include no recommendation for new speci-
2 fications for producing a circulating coin that would
3 require more than 1 change to coin-accepting and
4 coin-handling equipment to accommodate changes to
5 all circulating coins simultaneously; and

6 (2) to the greatest extent possible, recommend
7 specifications that, while consistent with other por-
8 tions of this section and the amendments made by
9 this Act, require no changes to coin-accepting or
10 coin-handling equipment whatsoever to accommodate
11 both coins produced with the new specifications and
12 coins produced as of July 31, 2007.

13 (e) FRAUD PREVENTION.—The reports required
14 under this section shall make no recommendation for a
15 specification change that would facilitate or allow the use
16 of a coin with a lesser value produced by another country,
17 or the use of any token or other easily or regularly pro-
18 duced metal device of minimal value, in the place of a cir-
19 culating coin produced by the Secretary.

20 (f) FURTHER RECOMMENDATIONS FOR THE 1-CENT
21 COIN.—Notwithstanding the amendment made by section
22 3, the reports required by this section may contain any
23 recommendation of the Secretary for any further changes
24 to the metallic content of the 1-cent coin, other than the
25 content of 1-cent coins described in section 304 of the

1 Presidential \$1 Coin Act of 2005 that are issued for nu-
2 mismatic purposes, that the Secretary determines is more
3 effective to reduce the unit production costs for such coins.

4 (g) ANNUAL REVIEW AND UPDATE.—At 1-year inter-
5 vals following the submission of a report under subsection
6 (a), the Secretary shall submit a report to the Committee
7 on Financial Services of the House of Representatives and
8 the Committee on Banking, Housing, and Urban Affairs
9 of the Senate reviewing the metallic content of the 1-cent,
10 5-cent, 10-cent, quarter-dollar and half-dollar circulating
11 coins produced by the Secretary. Each such report shall
12 comply with the requirements of this section for reports
13 submitted under subsection (a).

14 **SEC. 5. PROCUREMENT OF RESEARCH, TESTING, AND COM-**
15 **MODITIES.**

16 The Secretary of the Treasury may, to accomplish the
17 goals of this Act, and consistent with the Secretary's de-
18 velopment of the metallic content of the currently pro-
19 duced 1-dollar coin and the currently produced 5-cent, 10-
20 cent, quarter-dollar and half-dollar coins, solicit input
21 from within or without the Federal Government, including
22 research facilities or the 2 current suppliers of the raw
23 material for volume production of circulating coins with
24 such new metallic content, and conduct any appropriate
25 testing within or without the Department of the Treasury,

1 consistent with all other applicable Federal laws on the
2 procurement, or potential procurement of materials nec-
3 essary for the performance of the duties of the Secretary.

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