

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5512

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## AN ACT

To reduce the costs of producing 1-cent and 5-cent coins, provide authority to the Secretary of the Treasury to perform research and development on new metallic content for circulating coins, and to require biennial reports to Congress on circulating coin production costs and possible alternative metallic content.

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

12 (2) In a July 30, 2007, letter to the Congress,  
13 the Secretary of the Treasury, with support of the  
14 Administration’s Office of Management and Budget,  
15 requested that legislation be put forward to author-  
16 ize the Secretary of the Treasury to make changes  
17 to the composition of circulating coins.

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

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

24 (5) The United States Mint gained further ex-  
25 perience changing the metal content of pennies in

1 1982, when it began producing copper-coated zinc  
2 pennies as a result of rising copper prices.

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

8 (7) Given the current cost to make a penny and  
9 volume of pennies minted, by simply reducing penny  
10 production costs to face value, the United States will  
11 save more than \$500,000,000 in the next 10 years  
12 alone.

13 (8) Reducing the cost to produce a nickel to  
14 face value will save the United States an additional  
15 \$60,000,000 per year.

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

21 **SEC. 3. IMMEDIATE REDUCTION IN THE COST OF PRO-**  
22 **DUCING 1-CENT COINS THROUGH THE USE**  
23 **OF STEEL PENNIES.**

24 Subsection (c) of section 5112 of title 31, United  
25 States Code, is amended to read as follows:

1 “(c) COMPOSITION OF 1-CENT AND 5-CENT COINS.—

2 “(1) 1-CENT COIN.—

3 “(A) IN GENERAL.—Subject to paragraph  
4 (2), beginning 270 days after the date of the  
5 enactment of the Coin Modernization and Tax-  
6 payer Savings Act of 2008, the 1-cent coin  
7 shall—

8 “(i) be produced primarily of steel;  
9 and

10 “(ii) meet such other specifications as  
11 the Secretary may determine to be appro-  
12 priate, including any change in the weight  
13 from that specified in subsection (a)(6).

14 “(B) TREATMENT.—The 1-cent coin shall  
15 be treated to impart a copper color to the ap-  
16 pearance of the coins so that the appearance is  
17 similar to 1-cent coins produced of a copper-  
18 zinc alloy.

19 “(C) EXCEPTION FOR LINCOLN BICENTEN-  
20 NIAL NUMISMATIC PENNIES.—No provision of  
21 this paragraph shall apply with respect to 1-  
22 cent coins described in section 304 of the Presi-  
23 dential \$1 Coin Act of 2005 that are issued for  
24 numismatic purposes.

1           “(2) ALTERNATIVE 1-CENT COIN COMPOSI-  
2           TION.—

3           “(A) IN GENERAL.—If, before the end of  
4           the 90-day period beginning on the date of the  
5           enactment of the Coin Modernization and Tax-  
6           payer Savings Act of 2008, the Secretary deter-  
7           mines that, with the addition of any other ele-  
8           ment to any alloy of zinc and copper of which  
9           1-cent coins could have been composed as of the  
10          day before such date of enactment, there is a  
11          way—

12           “(i) to produce 1-cent coins of the  
13           same diameter, general composition, and  
14           general weight as 1-cent coins produced in  
15           accordance with this subsection as of the  
16           day before such date of enactment; and

17           “(ii) to achieve the goals of paragraph  
18           (1) by reducing the unit cost to produce  
19           the 1-cent coin to less than 1 cent while re-  
20           taining such coin’s ease of use and ensur-  
21           ing ease of co-circulation with 1-cent coins  
22           of the diameter and weight already circu-  
23           lating as of such date of enactment for or-  
24           dinary commerce,

1 the Secretary may add any such element and  
2 continue production of 1-cent coins of the same  
3 diameter, general composition, and general  
4 weight as 1-cent coins produced in accordance  
5 with this subsection as of the day before such  
6 date of enactment instead of complying with  
7 paragraph (1).

8 “(B) EFFECTIVE PERIOD.—This para-  
9 graph shall only apply if the change to the new  
10 composition and the subsequent drop in the  
11 production cost of the 1-cent coin referred to in  
12 subparagraph (A) can be achieved before the  
13 end of the 270-day period referred to in para-  
14 graph (1).

15 “(C) REPORT TO THE CONGRESS.—Any  
16 determination and action by the Secretary  
17 under subparagraph (A) shall be promptly re-  
18 ported to the Congress.”.

19 **SEC. 4. AUTHORITY TO CHANGE METALLIC CONTENT OF 5-**  
20 **CENT COINS TO LESS COSTLY ALTERNATIVE.**

21 (a) IN GENERAL.—Subsection (c) of section 5112 of  
22 title 31, United States Code, (as amended by section 3)  
23 is amended by adding at the end the following new para-  
24 graph:

25 “(3) 5-CENT COIN.—

1           “(A) IN GENERAL.—After the end of the  
2           2-year period beginning on the date of the en-  
3           actment of the Coin Modernization and Tax-  
4           payer Savings Act of 2008, the Secretary shall  
5           produce no 5-cent coin that is not primarily  
6           made of steel with a coating of nickel, that can  
7           co-circulate with the existing supply of 5-cent  
8           coins and work interchangeably in coin handling  
9           machines, except that—

10           “(i) the Secretary shall make no  
11           change to the content of the existing 5-  
12           cent coin if at that point the unit cost of  
13           production of such coins is lower than the  
14           face value of the coin; and

15           “(ii) if the report issued by the Sec-  
16           retary pursuant to section 6 indicates that  
17           a different metallic content of circulating  
18           5-cent coins is both functional and inter-  
19           changeable, and more economical to  
20           produce in both the short and long term,  
21           the Secretary shall propose such content to  
22           the Congress in the form of a legislative  
23           recommendation.

1           “(B) FACTORS TO BE CONSIDERED.—In  
2           prescribing the weight and the composition of  
3           the 5-cent coin, the Secretary shall consider—

4                   “(i) factors relevant to the potential  
5                   impact of any revisions to the weight and  
6                   composition of the material on the current  
7                   coin suppliers;

8                   “(ii) factors relevant to the accept-  
9                   ability of new coinage materials, including  
10                  the effect on vending machines and com-  
11                  mercial coin processing equipment and  
12                  making certain, to the greatest extent  
13                  practicable, that any new coins work with-  
14                  out interruption in existing coin acceptance  
15                  equipment without modification; and

16                  “(iii) such other factors that the Sec-  
17                  retary, in consultation with merchants who  
18                  would be affected by any change in the  
19                  weight and composition of the 5-cent coin,  
20                  vending machine and other coin acceptor  
21                  manufacturers, vending machine owners  
22                  and operators, transit officials, municipal  
23                  parking officials, depository institutions,  
24                  coin and currency handlers, armored-car  
25                  operators, car wash operators, and Amer-

1            ican-owned manufacturers of commercial  
2            coin processing equipment, considers to be  
3            appropriate and in the public interest,  
4            after notice and opportunity for comment.

5            “(C) COMMENT AND SELECTION PROC-  
6            ESS.—In making any determination with re-  
7            spect to any change in the weight and composi-  
8            tion of the 5-cent coin, the Secretary shall enter  
9            into a formal rulemaking process that includes  
10           a hearing on a record in addition to the publi-  
11           cation of notice and opportunity for comment.”.

12           (b) TECHNICAL AND CONFORMING AMENDMENT.—  
13           Section 5112(a)(5) of title 31, United States Code, is  
14           amended by striking “and weighs 5 grams”.

15           **SEC. 5. AUTHORITY TO CONDUCT RESEARCH AND DEVEL-**  
16           **OPMENT ON ALL CIRCULATING COINS.**

17           To accomplish the goals of this Act, the Secretary  
18           may conduct any appropriate testing within or without the  
19           Department of the Treasury, and may solicit input from  
20           or otherwise work in conjunction with entities within or  
21           without the Federal government including independent re-  
22           search facilities or current or potential suppliers of the  
23           material used in volume production of circulating coins,  
24           to complete the report referred to in this Act and to de-

1 velop, evaluate or begin the use of new metallic material  
2 for such production.

3 **SEC. 6. BIENNIAL REPORT TO CONGRESS ON CURRENT**  
4 **STATUS OF COIN PRODUCTION COSTS AND**  
5 **ANALYSIS OF ALTERNATIVE CONTENT RE-**  
6 **QUIRED.**

7 (a) BIENNIAL REPORT REQUIRED.—Before the end  
8 of the 270-day period beginning on enactment of this Act,  
9 and at 2-year intervals following the initial report, the Sec-  
10 retary of the Treasury shall submit a report to the Com-  
11 mittee on Financial Services of the House of Representa-  
12 tives and the Committee on Banking, Housing, and Urban  
13 Affairs of the Senate analyzing production costs for each  
14 circulating coin, cost trends, and possible new metallic ma-  
15 terials or technologies for the production of circulating  
16 coins.

17 (b) DETAILED RECOMMENDATIONS.—The reports re-  
18 quired under this section shall contain detailed rec-  
19 ommendations for any appropriate changes to the metallic  
20 content of circulating coins in such a form that the rec-  
21 ommendations could be enacted into law as appropriate.

22 (c) IMPROVED PRODUCTION EFFICIENCY.—The re-  
23 ports required under this section shall include rec-  
24 ommendations for changes in the methods of producing  
25 coins at the United States Mint that would further reduce

1 the costs to produce circulating coins, and include notes  
2 on any legislative changes that might be necessary to  
3 achieve such goals.

4 (d) MINIMIZING CONVERSION COSTS.—The reports  
5 required under this section shall—

6 (1) include no recommendation for new speci-  
7 fications for producing a circulating coin that would  
8 require significant change to coin-accepting and  
9 coin-handling equipment to accommodate changes to  
10 all circulating coins simultaneously, except for any  
11 potential change to the 5-cent coin as authorized  
12 under section 4; and

13 (2) to the greatest extent possible, recommend  
14 specifications that, while consistent with other por-  
15 tions of this section and the amendments made by  
16 this Act, require no changes to coin-accepting or  
17 coin-handling equipment whatsoever to accommodate  
18 both coins produced with the new specifications and  
19 coins produced as of July 31, 2007.

20 (e) FRAUD PREVENTION.—The reports required  
21 under this section shall make no recommendation for a  
22 specification change that would facilitate or allow the use  
23 of a coin with a lesser value produced by another country,  
24 or the use of any token or other easily or regularly pro-

- 1 duced metal device of minimal value, in the place of a cir-
- 2 culating coin produced by the Secretary.

Passed the House of Representatives May 8, 2008.

Attest:

*Clerk.*



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