

112TH CONGRESS  
2D SESSION

# S. 2049

To improve the circulation of \$1 coins, to remove barrier to the circulation of such coins, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 31, 2012

Mr. HARKIN (for himself, Mr. MCCAIN, Mr. COBURN, and Mr. ENZI) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To improve the circulation of \$1 coins, to remove barrier to the circulation of such 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 “Currency Optimiza-  
5       tion, Innovation, and National Savings Act”.

6       **SEC. 2. IMPROVING CIRCULATION AND REMOVING BAR-**  
7       **RIERS TO CIRCULATION OF \$1 COINS.**

8       (a) DUTIES OF THE BOARD OF GOVERNORS OF THE  
9       FEDERAL RESERVE SYSTEM.—

10       (1) COIN SEQUESTRATION.—

1 (A) IN GENERAL.—Not later than 6  
2 months after the date of enactment of this Act,  
3 the Board of Governors of the Federal Reserve  
4 System shall sequester all \$1 coins bearing the  
5 design common to those \$1 coins minted and  
6 issued from 1979–1981 and again in 1999.

7 (B) TREATMENT OF COINS.—Coins seques-  
8 tered pursuant to subparagraph (A) shall not  
9 be returned to ordinary circulation or otherwise  
10 released from storage controlled by the Federal  
11 Reserve System or an agent of the Federal Re-  
12 serve System.

13 (C) EXCEPTION FOR CERTAIN USES.—Not-  
14 withstanding subparagraph (B), coins seques-  
15 tered pursuant to subparagraph (A) may be re-  
16 leased, at face value and in bulk quantities—

17 (i) to dealers in collectible coins; and

18 (ii) to countries that have adopted the  
19 United States dollar as their base unit of  
20 exchange.

21 (D) OBSOLETE COINS.—At the end of the  
22 1-year period beginning on the date of enact-  
23 ment of this Act, the Secretary of the Treasury  
24 shall declare all coins described under subpara-  
25 graph (A) to be obsolete, and such coins—

1 (i) shall be treated in the same man-  
 2 ner as all other obsolete United States  
 3 coins; and

4 (ii) to the extent that such coins re-  
 5 main in general circulation, shall remain  
 6 legal tender.

7 (2) QUARTERLY REPORT ON \$1 COINS.—The  
 8 Board of Governors of the Federal Reserve System  
 9 shall issue quarterly reports to the Committee on Fi-  
 10 nancial Services of the House of Representatives and  
 11 the Committee on Banking, Housing, and Urban Af-  
 12 fairs of the Senate on—

13 (A) the number of coins sequestered pursu-  
 14 ant to paragraph (1)(A);

15 (B) the number of coins described in para-  
 16 graph (1)(A) that remain in general circulation;  
 17 and

18 (C) efforts that have been made to reduce  
 19 the number of coins described in subparagraphs  
 20 (A) and (B) to zero.

21 (3) IMPROVEMENT OF CIRCULATION.—The  
 22 Board of Governors of the Federal Reserve System  
 23 shall—

24 (A) undertake efforts to improve the cir-  
 25 culation and remove barriers to the circulation

1 of the \$1 coin, other than those coins described  
2 under paragraph (1)(A);

3 (B) issue a quarterly report to the Com-  
4 mittee on Financial Services of the House of  
5 Representatives and the Committee on Bank-  
6 ing, Housing, and Urban Affairs of the Senate  
7 on—

8 (i) what efforts have been made to im-  
9 prove the circulation of \$1 coins and what  
10 efforts are being planned to improve the  
11 circulation of \$1 coins;

12 (ii) the success of such efforts, includ-  
13 ing an analysis of such coins held in stor-  
14 age owned or controlled by the Federal Re-  
15 serve System and the number such coins in  
16 circulation;

17 (iii) barriers to the circulation of such  
18 coins, including the availability of such  
19 coins in quantities unmixed with the \$1  
20 coins described in paragraph (1)(A); and

21 (iv) the extent to which the Federal  
22 Reserve System and any agents of the  
23 Federal Reserve System are unable to  
24 meet end-user requests for delivery of  
25 unmixed quantities of such coins in what-

1                   ever form such end user requires, including  
2                   rolls, disposable tubes, or volume bags of  
3                   such coins.

4                   (4) OUTREACH AND EDUCATION.—The Board  
5                   of Governors of the Federal Reserve System shall,  
6                   within existing programs, continuously conduct out-  
7                   reach and education programs aimed at helping each  
8                   business using or accepting cash to choose the best  
9                   mix of \$1 coins and banknotes to facilitate trans-  
10                  actions and reduce costs of transactions and of  
11                  “cashing out” at the end of a transaction period.

12                  (5) USE OF \$1 COINS BY FOREIGN COUN-  
13                  TRIES.—The Board of Governors of the Federal Re-  
14                  serve System shall work with the Departments of  
15                  State and Treasury to ensure that countries that  
16                  have adopted the dollar as a base unit of exchange  
17                  and which place orders with the Federal Reserve  
18                  System, or through any United States financial in-  
19                  stitution, for supplies of \$1 monetary units, are fully  
20                  briefed before placing each such order on the dura-  
21                  bility and longevity of \$1 coins in high-circulation  
22                  economies when used for transactions of a low dollar  
23                  value.

24                  (b) PUBLICITY REQUIREMENT.—Section 5112(p)(2)  
25                  of title 31, United States Code, is amended by inserting

1 after “Mint” the following: “and the Board of Governors  
2 of the Federal Reserve System”.

3 (c) REPORT ON IMPLEMENTATION.—Not later than  
4 the end of the 1-year period beginning on the date of en-  
5 actment of this Act, and annually thereafter, the Comp-  
6 troller General of the United States and the Inspectors  
7 General of the Federal Reserve System and the Bureau  
8 of Consumer Financial Protection shall each issue a report  
9 to the Committee on Financial Services of the House of  
10 Representatives and the Committee on Banking, Housing,  
11 and Urban Affairs of the Senate on steps being taken by  
12 the Board of Governors of the Federal Reserve System  
13 to carry out this Act.

14 (d) CLARIFICATION WITH RESPECT TO SEIGNIOR-  
15 AGE.—The ninth proviso of section 5136 of title 31,  
16 United States Code, is amended by inserting after “mis-  
17 cellaneous receipts” the following: “, and such amount  
18 shall be included as an estimated receipt of the Govern-  
19 ment and a receipt of the Government under paragraphs  
20 (6) and (7), respectively, of section 1105(a) in any budget  
21 submitted under such section”.

22 **SEC. 3. SAVING TAXPAYERS FUNDS BY TRANSITIONING TO**  
23 **THE USE OF \$1 COINS.**

24 (a) IN GENERAL.—It is the policy of the United  
25 States that after \$1 coins achieve sufficient market pene-

1 tration such that consumers and retailers are comfortable  
2 using \$1 coins and are able to obtain adequate supplies  
3 of \$1 coins, \$1 coins should replace \$1 Federal Reserve  
4 notes as the only \$1 monetary unit issued and circulated  
5 by the Federal Reserve System.

6 (b) DEADLINE FOR PLACING \$1 FEDERAL RESERVE  
7 NOTES INTO CIRCULATION.—Federal Reserve banks may  
8 continue to place into circulation \$1 Federal Reserve notes  
9 until the earlier of—

10 (1) the date on which the number of \$1 coins  
11 placed into circulation after the date of the enact-  
12 ment of this Act exceeds 600,000,000 annually; and

13 (2) the date that is 4 years after the date of the  
14 enactment of this Act.

15 (c) TRANSITION PERIOD.—After the date referred to  
16 in subsection (b), a Federal Reserve bank may not order  
17 additional \$1 Federal Reserve notes but may, for a period  
18 of one year, continue to place into circulation \$1 Federal  
19 Reserve notes on hand or those deposited with it, except  
20 for notes described in subsection (d).

21 (d) REMOVAL OF UNFIT CURRENCY.—After the date  
22 referred to in subparagraph (b), a Federal Reserve bank  
23 shall continue to remove unfit currency from circulation,  
24 and shall continue to destroy such currency.

1       (e) EXCEPTION.—Notwithstanding subsections (b)  
2 and (c), the Board of Governors of the Federal Reserve  
3 System shall produce such Federal Reserve notes of \$1  
4 denomination as the Board of Governors determines from  
5 time to time are appropriate solely to meet the needs of  
6 collectors of that denomination. Such notes shall be issued  
7 by 1 or more Federal Reserve banks in accordance with  
8 section 16 of the Federal Reserve Act and sold by the  
9 Board of Governors, in whole or in part, under procedures  
10 prescribed by the Board of Governors.

11       (f) NO EFFECT ON LEGAL TENDER.—Notwith-  
12 standing any other subsection of this section, \$1 Federal  
13 Reserve notes are legal tender in the United States for  
14 all debts, public and private, public charges, taxes, and  
15 duties, regardless of the date of printing or issue.

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