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REPORT
108–568

PRESIDENTIAL $1 COIN ACT OF 2004

JUNE 24, 2004.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OXLEY, from the Committee on Financial Services, submitted the following

R E P O R T

[To accompany H.R. 3916]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3916) to improve circulation of the $1 coin, create a new bullion coin, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SEC. 1. SHORT TITLE.

This Act may be cited as the "Presidential $1 Coin Act of 2004" .

SEC. 2. FINDINGS.

The Congress finds as follows:

(1) There are sectors of the United States economy, including public transportation, parking meters, vending machines and low-dollar value transactions, in which the use of a $1 coin is both useful and desirable for keeping costs and prices down.

(2) For a variety of reasons, the new $1 coin introduced in 2000 has not been widely sought-after by the public, leading to higher costs for merchants and thus higher prices for consumers.

(3) The success of the 50 States Commemorative Coin Program for circulating quarter dollars shows that a rotating design on a United States circulating coin radically increases demand for the coin, rapidly pulling it through the economy.

(4) The 50 States Commemorative Coin Program also has been an educational tool, teaching both Americans and visitors something about each State for which a quarter has been issued.

(5) A national survey and study by the General Accounting Office has indicated that many Americans who do not seek, or who reject, the new $1 coin for use in commerce would actively seek the coin if an attractive, educational rotating design were to be struck on the coin.

(6) The President is the leader of our tripartite government and the President's spouse has often set the social tone for the White House while spearheading and highlighting important issues for the country.

(7) Many people cannot name all of the Presidents, and fewer can name the spouses, nor can many people accurately place each President in the proper time period of American history.

(8) First Spouses have not generally been recognized on American coinage.

(9) Sacagewea, as currently represented on the new $1 coin, is an important symbol of American history.

(10) In order to revitalize the design of United States coinage and return circulating coinage to its position as not only a necessary means of exchange in commerce but also as an object of aesthetic beauty in its own right, it is appropriate to move many of the mottos and emblems, the inscription of the year, and the so-called "mint marks" that currently appear on the 2 faces of each circulating coin to the edge of the coin, which would allow larger and more dramatic artwork on the coins reminiscent of the so-called "Golden Age of Coinage" in the United States, at the beginning of the Twentieth Century, initiated by President Theodore Roosevelt, with the assistance of noted sculptors and medallic artists James Earle Fraser and Augustus St. Gaudens.

(11) Placing inscriptions on the edge of coins, known as edge-incusing, is a hallmark of modern coinage and is common in large-volume production of coinage elsewhere in the world, such as the 2,700,000,000 2-Euro coins in circulation and coins of the People's Republic of China, but it has not been done on a large scale in United States coinage in recent years.

(12) Bullion coins are a valuable tool for the investor and, in some cases, an important aspect of coin collecting.

(13) Although the Congress has authorized the Secretary of the Treasury to issue gold coins with a purity of 99.99 percent, the Secretary has not done so.

(14) By commencing the issuance of the presidential $1 coins in 2006, coins issued in uncirculated or proof qualities that commemorate the presidency of Thomas Jefferson may appropriately be sold in sets with the coins of similar qualities that are issued in 2006 and commemorate the Lewis and Clark expedition, together with $1 coins that bear the image of Sacagewea and are struck for numismatic purposes under section 5112(n)(1)(B) of title 31, United States Code (as amended by section 3 of this Act).

SEC. 3. PRESIDENTIAL $1 COIN PROGRAM.

Section 5112 of title 31, United States Code, is amended by inserting after subsection (m) the following new subsection:

"(n) REDESIGN AND ISSUANCE OF CIRCULATING $1 COINS HONORING EACH OF THE PRESIDENTS OF THE UNITED STATES.—

"(1) REDESIGN BEGINNING IN 2006.—

"(A) IN GENERAL.—Notwithstanding subsection (d) and in accordance with the provisions of this subsection, $1 coins issued during the period beginning January 1, 2006, and ending upon the termination of the program under paragraph (6) shall have designs on the obverse selected in accordance with paragraph (2)(B) which are emblematic of the Presidents of the

United States and a design on the reverse selected in accordance with paragraph (2)(A).

"(B) TRANSITION PROVISION.—Notwithstanding subparagraph (A), the Secretary may continue to mint and issue $1 coins in 2006 which bear the design in effect before the redesign required under this subsection, as required for numismatic purposes and to ensure a smooth transition into the presidential coin program under this subsection.

"(2) DESIGN REQUIREMENTS.—The $1 coins issued in accordance with paragraph (1)(A) shall meet the following design requirements:

"(A) COIN REVERSE.—The design on the reverse shall bear—

"(i) a likeness of the Statue of Liberty extending to the rim of the coin and large enough to provide a dramatic representation of Liberty while not being large enough to create the impression of a '2-headed' coin;

"(ii) the inscription '$1' ; and

"(iii) the inscription 'United States of America'.

"(B) COIN OBVERSE.—The design on the obverse shall contain the name and likeness of a President of the United States and basic information about the President, including the dates or years of the term of office of such President and a number indicating the order of the period of service in which the President served.

"(C) EDGE-INCUSED INSCRIPTIONS.—The inscription of the year of minting or issuance of the coin and the inscriptions 'E Pluribus Unum' and 'In God We Trust' shall be edge-incused into the coin.

"(D) INSCRIPTIONS OF 'LIBERTY'.—Notwithstanding the 2d sentence of subsection (d)(1), because the use of a design bearing the likeness of the Statue of Liberty on the reverse of the coins issued under this subsection adequately conveys the concept of Liberty, the inscription of 'Liberty' shall not appear on the coins.

"(E) PROHIBITION ON SITTING PRESIDENT IN SERIES.—No coin issued under this subsection may bear the image of a President who has not completed such President's period of service.

"(3) ISSUANCE OF COINS COMMEMORATING PRESIDENTS.—

"(A) ORDER OF ISSUANCE.—The coins issued under this subsection commemorating Presidents of the United States shall be issued in the order of the period of service of each President, beginning with President George Washington.

"(B) TREATMENT OF PERIOD OF SERVICE.—

"(i) IN GENERAL.—Subject to clause (ii), only 1 coin design shall be issued for a period of service for any President, no matter how many consecutive terms of office the President served.

"(ii) NONCONSECUTIVE TERMS.—If a President has served during 2 or more nonconsecutive periods of service, a coin shall be issued under this subsection for each such nonconsecutive period of service.

"(4) ISSUANCE OF COINS COMMEMORATING 4 PRESIDENTS DURING EACH YEAR OF THE PERIOD.—

"(A) IN GENERAL.—The designs for the $1 coins issued during each year of the period referred to in paragraph (1) shall be emblematic of 4 Presidents until the year the program terminates.

"(B) NUMBER OF EACH OF 4 CIRCULATING COIN DESIGNS IN EACH YEAR.—The Secretary shall prescribe, on the basis of such factors as the Secretary determines to be appropriate, the number of $1 coins that shall be issued with each of the designs selected for each year of the period referred to in paragraph (1).

"(5) ISSUANCE OF NUMISMATIC COINS.—The Secretary may mint and issue such number of $1 coins of each design selected under this subsection in uncirculated and proof qualities as the Secretary determines to be appropriate.

"(6) TERMINATION OF PROGRAM.—The issuance of coins under this subsection shall terminate when each President who has finished such President's period of service has been so honored and may not be resumed except by an Act of Congress.

"(7) REVERSION TO PRECEDING DESIGN.—Upon the termination of the issuance of coins under this subsection, the design of the $1 coin shall revert to the design on $1 coins being issued immediately before the issuance of coins under this subsection.".

SEC. 4. FIRST SPOUSE BULLION COIN PROGRAM.

Section 5112 of title 31, United States Code, is amended by inserting after subsection (n) (as added by section 3 of this Act) the following new subsection:

"(o) FIRST SPOUSE BULLION COIN PROGRAM.—

"(1) IN GENERAL.—During the same period in which the $1 coins are issued under subsection (n) which are emblematic of the Presidents of the United States, the Secretary of the Treasury shall issue bullion coins under this subsection that are emblematic of the spouse of each such President.

"(2) SPECIFICATIONS.—The coins issued under this subsection shall—

"(A) have the same diameter as the $1 coins described in subsection (n);

"(B) weigh 0.5 ounce; and

"(C) contain 99.99 percent pure gold.

"(3) DESIGN REQUIREMENTS.—

"(A) COIN OBVERSE.—The design on the obverse of each coin issued under this subsection shall contain—

"(i) the name and likeness of a person who was a spouse of a President during the President's period of service;

"(ii) an inscription of the years during which such person was the spouse of a President during the President's period of service; and

"(iii) the number indicating the order of the period of service in which such President served.

"(B) COIN REVERSE.—The design on the reverse of each coin issued under this subsection shall bear—

"(i) images emblematic of the life and work of the First Spouse whose image is borne on the obverse;

"(ii) the inscription 'United States of America'.

"(C) DESIGNATED DENOMINATION.—Each coin issued under this subsection shall bear, on the reverse, an inscription of the nominal denomination of the coin which shall be '$10'.

"(D) DESIGN IN CASE OF NO FIRST SPOUSE.—In the case of any President who served without a spouse—

"(i) the image on the obverse of the bullion coin corresponding to the $1 coin relating to such President shall be an image emblematic of the concept of 'Liberty'—

"(I) as represented on a United States coin issued during the period of service of such President; or

"(II) as represented, in the case of President Chester Alan Arthur, by a design incorporating the name and likeness of Alice Paul, a leading strategist in the suffrage movement, who was instrumental in gaining women the right to vote upon the adoption of the 19th amendment and thus participate in the election of future Presidents, and who was born on January 11, 1885, during the term of President Arthur; and

"(ii) the reverse of such bullion coin shall be of a design representative of themes of such President, except that in the case of the bullion coin referred to in clause (i)(II) the reverse of such coin shall be representative of the suffrage movement.

"(E) DESIGN AND COIN FOR EACH SPOUSE.—A separate coin shall be designed and issued under this section for each person who was the spouse of a President during any portion of a term of office of such President.

"(F) INSCRIPTIONS.—Each bullion coin issued under this subsection shall bear the inscription of the year of minting or issuance of the coin and such other inscriptions as the Secretary may determine to be appropriate.

"(4) SALE OF BULLION COINS.—Each bullion coin issued under this subsection shall be sold for an amount the Secretary of the Treasury determines to be appropriate that is equal to or greater than the sum of—

"(A) the face value of the coins; and

"(B) the cost of designing and issuing the coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

"(5) ISSUANCE OF COINS COMMEMORATING FIRST SPOUSES.—

"(A) IN GENERAL.—The bullion coins issued under this subsection with respect to any spouse of a President shall be issued on the same schedule as the $1 coin issued under subsection (n) with respect to such President.

"(B) MAXIMUM NUMBER OF BULLION COINS FOR EACH DESIGN.—The Secretary shall—

"(i) prescribe, on the basis of such factors as the Secretary determines to be appropriate, the maximum number of bullion coins that shall be issued with each of the designs selected under this subsection; and

"(ii) announce, before the issuance of the bullion coins of each such design, the maximum number of bullions coins of that design that will be issued.

"(C) TERMINATION OF PROGRAM.—No bullion coin may be issued under this subsection after the design on the $1 coin reverts, in accordance with subsection (n)(7), to the design on $1 coins being issued immediately before the issuance of coins under subsection (n).

"(6) QUALITY OF COINS.—The bullion coins shall be issued in both proof and uncirculated qualities.

"(7) SOURCE OF GOLD BULLION.—The Secretary shall acquire gold for the coins issued under this subsection by purchase of gold mined from natural deposits in the United States, or in a territory or possession of the United States, within 1 year after the month in which the ore from which it is derived was mined. The Secretary shall pay not more than the average world price for the gold.

"(8) BRONZE MEDALS.—The Secretary may strike and sell bronze medals that bear the likeness of the bullion coins authorized under this subsection, at a price, size, and weight, and with such inscriptions, as the Secretary determines to be appropriate.".

SEC. 5. SENSE OF THE CONGRESS.

It is the sense of the Congress that—

(1) the American tradition of not issuing a coin with the image of a living person has served the country well and deserves to be continued as a general practice;

(2) the full circulation potential and cost-savings benefit projections for the presidential $1 coin program are not likely to be achieved unless the coins are delivered in ways useful to ordinary commerce;

(3) in order for the Presidential $1 Coin Program to achieve maximum success—

(A) the coin should be as attractive as possible; and

(B) the Director of the United States Mint should take all reasonable steps to ensure that the coins described in section 5112(n) of title 31, United States Code, remain tarnish-free for as long as possible without incurring undue expense;

(4) if the Secretary of the Treasury determines to include on any $1 coin minted under section 5112(n) of title 31, United States Code (as added by section 3 of this Act) a mark denoting the United States Mint facility at which the coin was struck, such mark should be edge-incused;

(5) at such time as the Board of Governors of the Federal Reserve System determines to be appropriate, after consultation with the Secretary of the Treasury and the submission of notice to the Congress, the Board should separate and sequester, and not put back into circulation, any $1 coin that comes into the possession of the Board or any Federal reserve bank and does not bear—

(A) a design specified under section 5112(n) of title 31, United States Code; or

(B) the design referred to in paragraph (7) of such section;

(6) in connection with the introduction of the $1 coins under the presidential $1 coin program—

(A) the coins should not be introduced with an overly expensive taxpayer-funded public relations campaign; and

(B) the Director of the United States Mint, a bureau in the Department of the Treasury, should work with consumer groups, media outlets, and schools to ensure an adequate amount of news coverage about the start of the coin program so consumers will know of the availability of the coins;

(7) the Board of Governors of the Federal Reserve System and the Secretary of the Treasury should take steps to ensure that an adequate supply of $1 coins are available for commerce and collectors at such places and in such quantities as are appropriate by—

(A) meeting, at least monthly on a regular basis, with a coin users group that includes representatives of merchants who would benefit from the increased usage of $1 coins, 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, and coin collectors and dealers to accurately gauge demand for coins and to anticipate and eliminate obstacles to the easy and efficient distribution and circulation of coins issued under the Presidential $1 Coin Program as well as all other circulating coins;

(B) submitting a semiannual report to the Congress containing an assessment of the remaining obstacles to the efficient and timely circulation of coins, and particularly coins issued under the Presidential $1 Coin Program, together with such recommendations for legislative action the Board and the Secretary may determine to be appropriate;

(C) ensuring that as many vending machines and other automated coin-accepting devices in the United States as possible accept coins issued under the Presidential $1 Coin Program and carry notices of such acceptability; and

(D) ensuring that—

(i) all institutions that want unmixed supplies of each newly-issued design of $1 coins under the Presidential $1 Coin Program are able to obtain such unmixed supplies; and

(ii) circulating coins will be available for ordinary commerce in packaging of sizes and types appropriate for and useful to ordinary commerce, including rolled coins; and

(8) the Director of the United States Mint should take all steps necessary to expand the marketplace for bullion coins, and reduce barriers to the sale of bullion coins, by ensuring that—

(A) the greatest number possible of reputable, reliable, and responsible dealers are qualified to offer for sale all bullion coins struck and issued by the United States Mint; and

(B) all such dealers and their customers have equal and timely access to all new issues of such bullion coins.

PURPOSE AND SUMMARY

H.R. 3916, the Presidential $1 Coin Act of 2004, will improve demand for and thus circulation of the current 1-dollar coin, with the intent of saving money for business and thus restraining price increases for consumers. Specifically, the legislation directs the Secretary of the Treasury to redesign the 1-dollar coin over an appropriate period, beginning in 2006, issuing 4 different designs a year. Each design is to depict the image and pertinent information about a President of the United States, in order of service. The reverse of the coin will depict an image of the Statue of Liberty. Additionally, the legislation directs the Treasury Secretary to begin issuing, concurrently with the Presidential dollars, pure-gold bullion coins depicting the First Spouses. The bill also proposes a number of methods to increase the circulation of the dollar coin.

BACKGROUND AND NEED FOR LEGISLATION

Although it is clear that a widely circulating 1-dollar coin would be useful in ordinary commerce for low-dollar-value transactions, recent attempts to introduce such a coin have been unsuccessful. The so-called Susan B. Anthony dollar, issued beginning in 1979, was made of identical material and had identical edge treatment to the quarter-dollar, and despite the size difference between the two coins, sighted people as well as the visually impaired had difficulty discerning the difference between the coins.

More recently, with the enactment of the 50 States Commemorative Coin Program Act (Public law 105–124), Congress sought to address those problems by prescribing that the coin be golden in color—to make a visual difference from the quarter—and have a distinctive edge, with tactile features that would aid the visually impaired in identifying the coin. However, despite the success of those efforts and a large advertising campaign, demand and availability for the so-called "golden" dollar first issued in 2000 fell drastically after the initial enthusiasm. Two GAO reports ("U.S. Coins: Public Views on Changing Coin Design," GAO–03–206; "New Dollar Coin: Marketing Campaign Raise Public Awareness but Not Widespread Use," GAO–02–896) and a hearing by the Subcommittee on Domestic and International Monetary Policy, Trade and Technology highlighted several reasons, including the contin-

ued circulation of the Susan B. Anthony dollar, lack of availability to businesses in packaging of appropriate sizes, and lack of acceptance by many vending machines.

H.R. 3916 attempts to address all of these barriers to circulation, as well as creating a demand for the coin similar to that for the 50-State quarter program. That program more than tripled demand for the quarter-dollar because both professional and amateur collectors alike sought the various designs. According to the results of a survey commissioned by the GAO, a 1-dollar coin program with changing designs could help increase the use of the dollar coin ("U.S. Coins", Id. pp. 19–28). The legislation adopts that approach, with the images of the Presidents on the obverse combined with use of the Statue of Liberty on the reverse. Additionally, the legislation calls for a series of pure-gold bullion coins featuring images of the First Spouses, to be issued in the same order and rate as the Presidential dollars, so that the dollar and bullion coins could, for example, be sold in pairs.

In keeping with the educational theme established by the 50-State quarter program, one president (to date) would have two coin designs, as he served non-sequential terms, two Presidents would have two spouse coins as they remarried while in office and several would have no spouse coins, as they were not married while in office. For all of those except Chester A. Arthur, the coin would feature on the face the image of Liberty as represented by a circulating coin of the period; in the case of President Arthur, the image on the face would be that of Alice Paul, a suffragette strategist born during his term. Bronze copies of the bullion coins would be made available at a nominal cost for those who wanted to collect sets of First Spouses or Presidents and their spouses but did not wish to pay for the cost of a half-ounce of pure gold, plus processing and marketing costs.

HEARINGS

The Subcommittee on Domestic and International Monetary Policy, Trade and Technology held a hearing on April 28, 2004 entitled "Money Matters: Coin and Currency Design and Counterfeiting issues." The following witnesses testified: Ms. Henrietta H. Fore, Director, United States Mint; Mr. Thomas A. Ferguson, Director, Bureau of Engraving and Printing; Mr. Bruce Townsend, Deputy Assistant Director, Office of Investigations, United States Secret Service; Mr. Jeffrey C. Marquardt, Assistant Director, Reserve Bank Operations and Payment Systems, Board of Governors of the Federal Reserve System; Mr. Thomas C. McMahon, East Coast Director, National Automatic Merchandising Association; Mr. Thomas Noe, Vintage Coin and Collectibles and a member of the Citizens Coinage Advisory Committee; Mr. Jay W. Johnson, former Director of the Mint and now Director of Business Development, Collectors Universe Inc.; and Mr. Chung Chung Tam, Revenue Systems Engineer, Chicago Transit Authority, representing the American Public Transportation Association.

COMMITTEE CONSIDERATION

The Subcommittee on Domestic and International Monetary Policy, Trade, and Technology met in open session on March 29, 2004,

and approved H.R. 3916 for full Committee consideration, with an amendment, by a voice vote.

The Committee on Financial Services met in open session on June 3, 2004, and ordered H.R. 3916 reported to the House, with an amendment, by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken with in conjunction with the consideration of this legislation. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

The Committee considered the following amendments:

An amendment in the nature of a substitute by Mr. Castle, No. 1, making various substantive and technical changes to the bill, was agreed to by a voice vote.

An amendment to the amendment in the nature of a substitute by Mr. Lucas, No. 1a, replacing Lady Liberty with the symbol of Apollo 11 on the back of the $1 coin, was not agreed to by a voice vote.

An amendment to the amendment in the nature of a substitute by Mr. Lucas, No. 1b, striking provisions relating to edge-incusing, was not agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a hearing and made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The Secretary of the Treasury shall use the authority granted in this legislation to design, strike, and issue circulating 1-dollar coins and pure-gold bullion coins featuring, respectively, images of the Presidents of the United States and their spouses. The coins shall be issued on a schedule representing the order in which the Presidents served, and 4 different Presidential dollars shall be issued per year until the next design issued would relate to the President then in office. The Secretary and the Federal Reserve Board shall consider appropriate steps to reduce barriers to circulation and to improve circulation of the 1-dollar coin so that it will be readily available for ordinary commerce.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that this legislation would result in budget authority, entitlement authority, or tax expenditures or revenues consistent with the cost estimate prepared

by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 23, 2004.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3916, the Presidential $1 Coin Act of 2004.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

ELIZABETH ROBINSON
(For Douglas Holtz-Eakin, Director).

Enclosure.

H.R. 3916—Presidential $1 Coin Act of 2004

Summary: H.R. 3916 would authorize the U.S. Mint to make changes to the design of the $1 coin and issue $10 gold bullion coins. CBO estimates that enacting this bill would decrease direct spending by $6 million over the 2005–2014 period. (The bill would not affect revenues.) H.R. 3916 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Major provisions: Beginning in 2006, H.R. 3916 would direct the Secretary of the Treasury to replace the current Golden Dollar coin with a series of $1 coins commemorating all former U.S. Presidents. The coins would have an image of a former President and the reverse would feature an image of the Statue of Liberty. Under the bill, the Mint could produce additional quantities of the Golden Dollar coins until the new coin was ready for circulation. The Mint would issue four different $1 coins a year in the order of the period of service of each President starting with George Washington. The bill would authorize the Mint to sell $1 coins in proof and uncirculated versions. H.R. 3916 would not terminate production of the $1 bill.

In addition, H.R. 3916 would direct the U.S. Mint to produce a gold bullion coin honoring the spouses of former Presidents. The new gold bullion coins would be produced in sequence with the $1

Presidential coins. In addition, the bill would authorize the Mint to sell bronze copies of the gold bullion coin.

Estimated costs to the Federal Government: The estimated budgetary impact of H.R. 3916 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By fiscal year, in millions of dollars—									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING										
Presidential $1 Coin:										
Estimated Budget Authority	2	1	0	0	0	0	0	0	0	0
Estimated Outlays	2	1	0	0	0	0	0	0	0	0
First Spouse Gold Bullion Coin:										
Estimated Budget Authority	0	*	−1	−1	−1	−1	−1	−1	−1	−1
Estimated Outlays	0	*	−1	−1	−1	−1	−1	−1	−1	−1
Net Changes in Direct Spending Under H.R. 3916:										
Estimated Budget Authority	2	*	−1	−1	−1	−1	−1	−1	−1	−1
Estimated Outlays	2	*	−1	−1	−1	−1	−1	−1	−1	−1

Note.—*= offsetting receipts of less than $500,000.

In addition to the budgetary effects summarized in the table, by increasing the value of coins held by the public, H.R. 3916 also would provide the government with additional resources for financing the federal deficit. Seigniorage (or profit)—the difference between the face value of the coins and the cost of production—reduces the amount the government would otherwise need to borrow from the public to finance the federal budget deficit. CBO estimates that seigniorage resulting from the value of additional coins in circulation under the bill would amount to about $340 million over the 2005–2014 period. Under the principles established by the President's 1967 Commission on Budget Concepts, seigniorage does not directly affect the budget but is treated as a means of financing the deficit.

Basis of estimate

Direct spending

Presidential $1 Coin Program. H.R. 3916 would replace the current Golden Dollar coin with a new $1 Presidential coin. The Presidential coin would have distinctive tactile and visual features that include moving the issue date, mint mark and other mottos to the edge of the coin. The bill would authorize the Mint to produce quantities of the Golden Dollar coin until the new coin was ready for circulation. According to the Mint, it would need at least 18 months to design, test, and produce a new $1 Presidential coin for circulation. Thus, assuming this bill is enacted within the next several months, CBO expects that the first two new coins would begin circulating by the middle of fiscal year 2006. CBO estimates start-up costs for producing a new $1 coin would increase direct spending by about $3 million over the 2005–2006 period, based on the experience of prior new issues by the Mint.

H.R. 3916 would authorize the Mint to include the new $1 coin in collector coin sets sold to the public. Adding a new $1 coin to the Mint's current sets could increase offsetting collections to the U.S. Mint Public Enterprise Fund if the new coin increases collectors' interest in the sets. However, any increase in offsetting collec-

tions from the sale of commercial products would be available to the Mint to retain and spend and would have a negligible net budgetary impact over time.

First Spouse Bullion Coin. H.R. 3916 would direct the Mint to produce a gold bullion coin, for investors, honoring the spouses of former Presidents. The new gold bullion coin would be produced in the same sequence as the $1 Presidential coins. The bullion coin would feature an image of the spouse of the former President and the reverse would feature an image of her life and work. CBO expects that the first gold bullion coins would be ready at the same time as the $1 Presidential coin.

Public Law 104–52, which establishes the U.S. Mint Public Enterprise Fund, requires the Mint to transfer any excess funds to the general fund of the Treasury at least annually. Based on information from the Mint and the numismatic community, CBO expects that the First Spouse gold bullion coin would generate sales similar to recent commemorative coins. In addition, the Mint could sell bronze duplicates to the public; however, based on the sales, of previous duplicates, we do not expect that those sales would be large. CBO estimates that the Mint would produce about 10,000 gold bullion coins annually generating about $1 million a year in excess funds that would be recorded in the budget as offsetting receipts.

Seigniorage

In addition to the bill's effects on direct spending, by increasing the public's holding of dollar coins, H.R. 3916 also would result in additional federal resources for financing the deficit. The seigniorage, or profit, from placing the new coins in circulation would reduce the amount the government would otherwise borrow from the public to finance the deficit. By substituting a new $1 Presidential coin for the current Golden Dollar coin, the legislation would increase the seigniorage earned if the new $1 coin is more widely circulated. A General Accounting Office report (GAO–02–896, September 2003) noted that, after a multimillion dollar marketing and advertising campaign, the Golden Dollar, like the Susan B. Anthony $1 coin, has not achieved widespread use. It has increased the public's interest in collecting the $1 coin but is not widely circulating. A barrier to the public's acceptance of a $1 coin is the continued circulation of the $1 bill, which would not be eliminated by H.R. 3916.

The Mint's 50 State Quarters program, involving a set of recurring designs commemorating each state, has been credited with generating renewed interest in holding more coins by collectors and the public. The production of quarters increased from 1.7 billion coins in fiscal year 1998 to over 6 billion in fiscal year 2000 when the 50 State Quarters program began. By fiscal year 2003, demand for quarters had fallen to about 2.5 billion quarters. The Mint estimates that the 50 State Quarters program has generated about $4 billion in seigniorage since the program began in 1999.

Taking into account the experience of the 50 State Quarters program, information from the numismatic community, and the public's continued resistance to the use of dollar coins, CBO expects that the new $1 Presidential coin would increase the public's interest in collecting coins but it would continue to face barriers to wide-

spread circulating use. CBO expects that most of the demand for the $1 Presidential coin would be from collectors. According to the Mint, the federal government is currently putting into circulation about 55 million Golden Dollar coins annually, with seigniorage of 82 cents per coin. CBO expects that demand for the new $1 Presidential coin would triple the current demand for the dollar coin to about 150 million annually in 2007, and then follow the experience of the 50 State Quarters program. Hence, CBO estimates that replacing the Golden Dollar with the $1 Presidential coin would increase seigniorage by $340 million over the 2005–2014 period.

Intergovernmental and private-sector impact: H.R. 3916 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Matthew Pickford; Impact on State, Local, and Tribal Governments: Sarah Puro; and Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) clause 3 (relating to the power to regulate interstate commerce), and clause 5 (relating to the power to coin Money).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section establishes the short title of the bill, the "Presidential $1 Coin Act of 2004."

Section 2. Findings

This section makes certain findings by Congress.

Section 3. Presidential $1 Coin Program

This section directs the Treasury Secretary, beginning in 2006, to issue 1-dollar coins with regularly changing designs representing

the images of the Presidents of the United States, in the order in which they served. Section 3 also specifies that the design on the reverse of the coin is to be an image of the Statue of Liberty, and that the date of issue and the mottoes "E Pluribus Unum" and "In God We Trust" should be struck into the edge of the coin rather than one of the faces.

Further, it permits the continued striking of the current design of the coin for an orderly transition, and specifies that the program ends and cannot be restarted except by Act of Congress when the next coin to be issued would represent on the obverse the image of the President still in office at the time it would be issued. Finally, section 3 specifies that 4 different designs are to be issued per year, and authorizes the striking and issuing of numismatic versions of the coins.

Section 4. First Spouse Bullion Coin Program

Section 4 directs the Secretary of the Treasury to strike and make available for sale 99.99 percent pure gold bullion coins bearing the images of First Spouses, on the same schedule as the Presidential Dollars, with images of the spouses on the obverse and of works associated with them on the reverse. It also specifies that in the instances where President remarried in office, more than one bullion coin could be issued during the period of issue of that President's dollar, and specifies that in the case of Presidents who were not married in office, the bullion coin bear the image of Liberty as represented on a circulating coin of the period, except that in the case of President Chester A. Arthur the bullion coin would bear the image of Liberty as represented by suffragette strategist Alice Paul, born during his term. Finally, the provision directs the Treasury Secretary to announce maximum mintages of each bullion coin prior to issue and authorizes the striking of affordable bronze copies of the coin.

Section 5. Sense of Congress

Section 5 establishes the sense of Congress regarding ways to improve circulation of the dollar coin. This section also suggests regular reports to Congress on any legislative efforts that might be necessary.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

SECTION 5112 OF TITLE 31, UNITED STATES CODE

§ 5112. Denominations, specifications, and design of coins

(a) * * *

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(n) REDESIGN AND ISSUANCE OF CIRCULATING $1 COINS HONORING EACH OF THE PRESIDENTS OF THE UNITED STATES.—

(1) REDESIGN BEGINNING IN 2006.—

(A) IN GENERAL.—Notwithstanding subsection (d) and in accordance with the provisions of this subsection, $1 coins issued during the period beginning January 1, 2006, and ending upon the termination of the program under paragraph (6) shall have designs on the obverse selected in accordance with paragraph (2)(B) which are emblematic of the Presidents of the United States and a design on the reverse selected in accordance with paragraph (2)(A).

(B) TRANSITION PROVISION.—Notwithstanding subparagraph (A), the Secretary may continue to mint and issue $1 coins in 2006 which bear the design in effect before the redesign required under this subsection, as required for numismatic purposes and to ensure a smooth transition into the presidential coin program under this subsection.

(2) DESIGN REQUIREMENTS.—The $1 coins issued in accordance with paragraph (1)(A) shall meet the following design requirements:

(A) COIN REVERSE.—The design on the reverse shall bear—

(i) a likeness of the Statue of Liberty extending to the rim of the coin and large enough to provide a dramatic representation of Liberty while not being large enough to create the impression of a "2-headed" coin;

(ii) the inscription "$1" ; and

(iii) the inscription "United States of America".

(B) COIN OBVERSE.—The design on the obverse shall contain the name and likeness of a President of the United States and basic information about the President, including the dates or years of the term of office of such President and a number indicating the order of the period of service in which the President served.

(C) EDGE-INCUSED INSCRIPTIONS.—The inscription of the year of minting or issuance of the coin and the inscriptions "E Pluribus Unum" and "In God We Trust" shall be edge-incused into the coin.

(D) INSCRIPTIONS OF "LIBERTY".—Notwithstanding the 2d sentence of subsection (d)(1), because the use of a design bearing the likeness of the Statue of Liberty on the reverse of the coins issued under this subsection adequately conveys the concept of Liberty, the inscription of "Liberty" shall not appear on the coins.

(E) PROHIBITION ON SITTING PRESIDENT IN SERIES.—No coin issued under this subsection may bear the image of a President who has not completed such President's period of service.

(3) ISSUANCE OF COINS COMMEMORATING PRESIDENTS.—

(A) ORDER OF ISSUANCE.—The coins issued under this subsection commemorating Presidents of the United States shall be issued in the order of the period of service of each President, beginning with President George Washington.

(B) TREATMENT OF PERIOD OF SERVICE.—

(i) IN GENERAL.—Subject to clause (ii), only 1 coin design shall be issued for a period of service for any President, no matter how many consecutive terms of office the President served.

(ii) NONCONSECUTIVE TERMS.—If a President has served during 2 or more nonconsecutive periods of service, a coin shall be issued under this subsection for each such nonconsecutive period of service.

(4) ISSUANCE OF COINS COMMEMORATING 4 PRESIDENTS DURING EACH YEAR OF THE PERIOD.—

(A) IN GENERAL.—The designs for the $1 coins issued during each year of the period referred to in paragraph (1) shall be emblematic of 4 Presidents until the year the program terminates.

(B) NUMBER OF EACH OF 4 CIRCULATING COIN DESIGNS IN EACH YEAR.—The Secretary shall prescribe, on the basis of such factors as the Secretary determines to be appropriate, the number of $1 coins that shall be issued with each of the designs selected for each year of the period referred to in paragraph (1).

(5) ISSUANCE OF NUMISMATIC COINS.—The Secretary may mint and issue such number of $1 coins of each design selected under this subsection in uncirculated and proof qualities as the Secretary determines to be appropriate.

(6) TERMINATION OF PROGRAM.—The issuance of coins under this subsection shall terminate when each President who has finished such President's period of service has been so honored and may not be resumed except by an Act of Congress.

(7) REVERSION TO PRECEDING DESIGN.—Upon the termination of the issuance of coins under this subsection, the design of the $1 coin shall revert to the design on $1 coins being issued immediately before the issuance of coins under this subsection.

(o) FIRST SPOUSE BULLION COIN PROGRAM.—

(1) IN GENERAL.—During the same period in which the $1 coins are issued under subsection (n) which are emblematic of the Presidents of the United States, the Secretary of the Treasury shall issue bullion coins under this subsection that are emblematic of the spouse of each such President.

(2) SPECIFICATIONS.—The coins issued under this subsection shall—

(A) have the same diameter as the $1 coins described in subsection (n);

(B) weigh 0.5 ounce; and

(C) contain 99.99 percent pure gold.

(3) DESIGN REQUIREMENTS.—

(A) COIN OBVERSE.—The design on the obverse of each coin issued under this subsection shall contain—

(i) the name and likeness of a person who was a spouse of a President during the President's period of service;

(ii) an inscription of the years during which such person was the spouse of a President during the President's period of service; and

(iii) the number indicating the order of the period of service in which such President served.

(B) COIN REVERSE.—The design on the reverse of each coin issued under this subsection shall bear—

(i) images emblematic of the life and work of the First Spouse whose image is borne on the obverse;

(ii) the inscription "United States of America".

(C) DESIGNATED DENOMINATION.—Each coin issued under this subsection shall bear, on the reverse, an inscription of the nominal denomination of the coin which shall be "$10".

(D) DESIGN IN CASE OF NO FIRST SPOUSE.—In the case of any President who served without a spouse—

(i) the image on the obverse of the bullion coin corresponding to the $1 coin relating to such President shall be an image emblematic of the concept of "Liberty"—

(I) as represented on a United States coin issued during the period of service of such President; or

(II) as represented, in the case of President Chester Alan Arthur, by a design incorporating the name and likeness of Alice Paul, a leading strategist in the suffrage movement, who was instrumental in gaining women the right to vote upon the adoption of the 19th amendment and thus participate in the election of future Presidents, and who was born on January 11, 1885, during the term of President Arthur; and

(ii) the reverse of such bullion coin shall be of a design representative of themes of such President, except that in the case of the bullion coin referred to in clause (i)(II) the reverse of such coin shall be representative of the suffrage movement.

(E) DESIGN AND COIN FOR EACH SPOUSE.—A separate coin shall be designed and issued under this section for each person who was the spouse of a President during any portion of a term of office of such President.

(F) INSCRIPTIONS.—Each bullion coin issued under this subsection shall bear the inscription of the year of minting or issuance of the coin and such other inscriptions as the Secretary may determine to be appropriate.

(4) SALE OF BULLION COINS.—Each bullion coin issued under this subsection shall be sold for an amount the Secretary of the Treasury determines to be appropriate that is equal to or greater than the sum of—

(A) the face value of the coins; and

(B) the cost of designing and issuing the coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

(5) ISSUANCE OF COINS COMMEMORATING FIRST SPOUSES.—

(A) IN GENERAL.—The bullion coins issued under this subsection with respect to any spouse of a President shall be issued on the same schedule as the $1 coin issued under subsection (n) with respect to such President.

(B) MAXIMUM NUMBER OF BULLION COINS FOR EACH DESIGN.—The Secretary shall—

(i) prescribe, on the basis of such factors as the Secretary determines to be appropriate, the maximum number of bullion coins that shall be issued with each of the designs selected under this subsection; and

(ii) announce, before the issuance of the bullion coins of each such design, the maximum number of bullions coins of that design that will be issued.

(C) TERMINATION OF PROGRAM.—No bullion coin may be issued under this subsection after the design on the $1 coin reverts, in accordance with subsection (n)(7), to the design on $1 coins being issued immediately before the issuance of coins under subsection (n).

(6) QUALITY OF COINS.—The bullion coins shall be issued in both proof and uncirculated qualities.

(7) SOURCE OF GOLD BULLION.—The Secretary shall acquire gold for the coins issued under this subsection by purchase of gold mined from natural deposits in the United States, or in a territory or possession of the United States, within 1 year after the month in which the ore from which it is derived was mined. The Secretary shall pay not more than the average world price for the gold.

(8) BRONZE MEDALS.—The Secretary may strike and sell bronze medals that bear the likeness of the bullion coins authorized under this subsection, at a price, size, and weight, and with such inscriptions, as the Secretary determines to be appropriate.

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