CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

November 30, 1999

H.R. 3373

An act to require the Secretary of the Treasury to mint coins in conjunction with the minting of coins by the Republic of Iceland in commemoration of the millennium of the discovery of the New World by Leif Ericson

As cleared by the Congress on November 19, 1999

SUMMARY

H.R. 3373 would authorize the U.S. Mint to produce coins to commemorate the millennium of the discovery of the new world by Leif Erickson, the bicentennial of the first meeting of the Congress in the Capitol, and the bicentennial of the expedition to the Pacific Ocean by Meriwether Lewis and William Clark. CBO estimates that the legislation would decrease direct spending by $3 million over the 2000-2004 period, but would have no net effect on direct spending over the 2000-2009 period.

DESCRIPTION OF THE ACT'S MAJOR PROVISIONS

Title I would direct the U.S. Mint to produce a silver coin in 2000 to commemorate Leif Erickson. The legislation would specify a surcharge on the sales price of $10 and would designate the Leifur Eiriksson Foundation, a private entity, as recipient of the surcharges.

Title II would commemorate the first meeting in the Capitol in 1800 by directing the Mint to produce either a $10 gold-and-platinum coin or a $5 gold coin, a $1 silver coin, and a half-dollar clad coin in 2001. The act would specify a surcharge on the sales price of either $50 for the gold-and-platinum coin or $35 for the gold coin, $10 for the silver coin, and $3 for the clad coin and would designate the Capitol Preservation Fund as the recipient of the surcharges. The Capitol Preservation Fund could use the surcharges, without appropriation action, to assist with the financing of the proposed Capitol Visitor Center.

Finally, title III would commemorate Lewis and Clark's expedition by directing the Mint to produce a silver coin in 2004. The act would specify a surcharge on the sales price of $10.

Two-thirds of the receipts from surcharges would be distributed to the National Lewis and Clark Bicentennial Council, a private entity, and one-third would be available for spending by the National Park Service (NPS).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3373 is shown in the following table. For pay-as-you-go-purposes, only the effects in the budget year and the subsequent four years are counted. The legislation would affect budget functions 800 (general government), 300 (natural resources and environment), and 050 (defense).

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CHANGES IN DIRECT SPENDING										
Receipt of Coin Surcharges										
Estimated Budget Authority	a	-4	a	0	-1	0	0	0	0	0
Estimated Outlays	a	-4	a	0	-1	0	0	0	0	0
Spending of Coin Surcharges										
Estimated Budget Authority	0	0	4	0	1	0	0	0	0	0
Estimated Outlays	0	0	a	2	3	0	0	0	0	0
Purchase of Government Silver										
Estimated Budget Authority	-1	-1	0	0	-1	0	0	3	0	0
Estimated Outlays	-1	-1	0	0	-1	0	0	3	0	0
Total Changes										
Estimated Budget Authority	-1	-5	4	0	-1	0	0	3	0	0
Estimated Outlays	-1	-5	a	2	1	0	0	3	0	0

a. Less than $500,000.

BASIS OF ESTIMATE

Over the 2000-2004 period, CBO estimates that H.R. 3373 would result in a net increase in offsetting collections of $8 million, but would also increase direct spending by about $5 million, for a net decrease in spending of $3 million over the five-year period. In addition to those budgetary savings, by using gold obtained from the reserves held by the Treasury, CBO estimates that the legislation would provide the federal government with $2 million to $2.5 million in additional cash (in exchange for gold) for financing the federal surplus in fiscal year 2001.

Receipt of Coin Surcharges

U.S. Capitol Coin. Based on information from the Mint, CBO expects that it would produce the gold coin rather than the gold-and-platinum coin. Under Public Law 105-268, the Mint already has the authority to produce a gold-and-platinum coin in 2000 to commemorate the bicentennial of the Library of Congress, but has decided to substitute a gold coin for the bimetallic coin.

With the gold coin, sales of the U.S. Capitol coins could raise as much as $10.75 million in surcharges if the Mint sold the maximum number authorized. Based on the recent experience of anniversary-based commemoratives—and because the program would be the third in 13 years to commemorate or benefit the Capitol—CBO estimates that sales would be less than one-half of the 1.35 million coins authorized by title II, resulting in surcharges of about $4 million. CBO expects that the Mint would collect most of the surcharges during fiscal year 2001 and would transfer such collections to the Capitol Preservation Fund in fiscal year 2002. (Under Public Law 104-208, the Mint must ensure that it will not lose money on a commemorative coin program before transferring any surcharges to a designated recipient organization.)

William and Clark Coin. Title III could raise as much as $5 million in surcharges if the Mint sells the maximum number of authorized coins. CBO estimates that sales would be significantly less than the authorized total, resulting in surcharges of about $3 million. We expect that two-thirds of that amount—that is, $2 million—would be collected and transferred to the National Lewis and Clark Bicentennial Council during fiscal year 2004, resulting in no net budgetary effect. We expect the Mint would transfer the remaining $1 million in receipts from surcharges to the NPS during 2004.

Leif Ericson Coin. Title I could raise as much as $5 million in surcharges if the Mint sells the maximum number of authorized coins. However, because the legislation would require that the Mint transfer all proceeds from surcharges to a private organization, CBO estimates that the collection and transfer of such surcharges would have no net effect on direct spending.

Spending Of Coin Surcharges

Because both the Capitol Preservation Fund and the National Park Service could spend the surcharges transferred to them without appropriation action, CBO estimates that the $5 million in additional surcharges to the federal government would result in new direct spending of about $5 million over the 2000-2004 period.

Excluding surcharges, we expect that proceeds from the sale of the commemorative coins for each of the three programs would more than cover the costs of producing them, but that the Mint would spend any net proceeds to fund other commercial activities. Therefore, we estimate that there would be no other net effect on the Mint's outlays.

Purchase of Government Silver

In addition, because the Mint would use silver obtained from the Defense Logistics Agency (DLA) to produce the silver coins, CBO estimates that H.R. 3373 would increase offsetting collections to the government from the sale of excess silver by about $3 million over the 2000-2004 period, with DLA receiving about three-quarters of that amount. (By law, the Mint must deposit as miscellaneous receipts to the Treasury an amount that is equal to the book value of the silver it acquires from DLA.) However, the government's supply of silver is limited, and we anticipate that it will be depleted by fiscal year 2007. Hence, the use of silver for the three programs authorized by H.R. 3373 would leave less available to produce currently authorized coins in subsequent years, resulting in a loss of receipts of about $3 million in 2007.

Similarly, we expect that the Mint would use gold obtained from the reserves held at the Treasury to produce the U.S. Capitol gold coin. However, because the budget treats the sale of gold as a means of financing governmental operations—that is, the Treasury's receipts from such sales do not affect the size of the surplus—CBO has not included such receipts in its estimate. Based on recent sales of gold commemorative coins, CBO estimates that H.R. 3373 would provide the federal government with $2 million to $2.5 million in additional cash (in exchange for gold) for financing the federal surplus in fiscal year 2001.

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