



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 6, 2005

H.R. 1057 **True American Heroes Act of 2005**

*As ordered reported by the House Committee on Financial Services
on March 16, 2005*

SUMMARY

H.R. 1057 would authorize the U.S. Mint to produce gold, silver, and bronze medals to commemorate those who perished in the September 11th terrorist attacks as well as “Spirit of America” coins to commemorate those who risked their lives in response to the attacks. CBO estimates that enacting H.R. 1057 would not affect spending subject to appropriation and would have no significant net impact on direct spending over the 2006-2015 period.

H.R. 1057 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state or local governments would not be significant.

MAJOR PROVISIONS

H.R. 1057 would authorize the Speaker of the House of Representatives and the President Pro Tempore of the Senate to present a gold medal to the unknown person who was the first to perish in the terrorist attacks on September 11, 2001, on behalf of the U.S. Congress. The gold medal would be presented on the fifth anniversary of the attacks and placed on permanent display at the Smithsonian Institution.

The legislation also would authorize silver duplicates of the gold medal to be presented to the families of public safety officers, emergency workers, and other employees of federal, state, and local government agencies who perished while responding to the attacks on September 11, 2001. In addition, H.R. 1057 would authorize duplicate silver medals to be presented to various officials of New York; to each precinct house, fire station, or other duty station that had a member perish in the attacks; and a silver medal to be displayed at each of the three memorials at the World Trade Center, the Pentagon, and in Shanksville, Pennsylvania, that commemorate the attacks. The legislation would authorize the Mint to

strike and sell bronze duplicates of this medal at a price that would cover production costs for both the gold and bronze medal.

In addition, H.R. 1057 would commemorate those individuals who risked their lives during the September 11th, 2001, attacks by directing the Mint to produce a \$50 gold coin, a \$1 silver coin, and a half-dollar clad coin. The legislation would specify a surcharge on the sales price of \$100 for the gold coin, \$10 for the silver coin, and \$5 for the clad coin. Surcharges could be used to offset the costs of the gold and silver medals and transferred to the three September 11th memorials at the World Trade Center, the Pentagon, and in Shanksville, Pennsylvania.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1057 is shown in the table below. 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
CHANGES IN DIRECT SPENDING						
Production of Gold and Silver Medals						
Estimated Budget Authority	0	*	*	0	0	0
Estimated Outlays	0	*	*	0	0	0
Receipt of Coin Surcharges						
Estimated Budget Authority	0	0	-7	0	0	0
Estimated Outlays	0	0	-7	0	0	0
Production of Spirit of America Gold Coins						
Estimated Budget Authority	0	0	2	0	0	0
Estimated Outlays	0	0	2	0	0	0
Spending of Net Coin Surcharges						
Estimated Budget Authority	0	0	0	5	0	0
Estimated Outlays	0	0	0	5	0	0
Total Changes						
Estimated Budget Authority	0	0	-5	5	0	0
Estimated Outlays	0	0	-5	5	0	0

NOTE: * = less than \$500,000.

BASIS OF ESTIMATE

Over the 2005-2010 period, CBO estimates that H.R. 1057 would result in an increase in offsetting collections of \$7 million in fiscal year 2007 but also would increase direct spending by \$7 million over the 2007-2010 period. Thus, we estimate that enacting H.R. 1057 would have no significant net impact on direct spending over the 2005-2010 period. In addition, by using gold from reserves held by the Treasury, CBO estimates that the legislation would provide the federal government with \$3 million in additional cash (in exchange for gold) for financing the federal deficit.

Congressional Gold Medal and Duplicate Silver Medals

Based on the costs of recent medals produced by the Mint, CBO estimates that the production of a single gold medal and duplicate silver medals would not significantly increase direct spending from the U.S. Mint Public Enterprise Fund. Based on information from the Mint, we estimate that the gold medal would cost about \$30,000 and the duplicate silver medals would cost \$90,000 to produce in fiscal year 2006. Based on information from several federal and state offices, CBO estimates that approximately 450 people died responding to the terrorist attacks and about 150 precinct houses, fire station, or other duty stations had members perish in the attacks. CBO assumes that one silver medal would be produced for each next of kin or personal representative of those who died. Additionally, funds collected from the sale of duplicate bronze medals would be available to offset the cost of the gold medal. CBO expects that the Mint would recoup most of its costs to produce the gold medal by selling bronze duplicates to the public.

Spirit of America Coins

Sale of the commemorative coins that would be authorized by H.R. 1057 could raise as much as \$10 million in surcharges if the Mint sells the estimated maximum number of authorized coins; however, recent commemorative coin sales suggest that receipts would be closer to \$7 million. In addition, the bill would authorize the Speaker of the House of Representatives and the President Pro Tempore of the Senate to present a \$50 gold coin to the next of kin or personal representative of each person who perished in the terrorist attacks on September 11, 2001, on behalf of the U.S. Congress. CBO estimates that this provision would cost nearly \$2 million in fiscal year 2007.

Under current law, the Mint must ensure that it does not lose money producing commemorative coins before transferring any surcharges to a recipient organization. CBO expects that receipts from such surcharges would be transferred to the three September 11th

memorial foundations in fiscal year 2008. Thus, we estimate that the act would reduce net direct spending by \$5 million in 2007 and would increase direct spending by \$5 million in 2008. Excluding surcharges, CBO expects that the Mint would retain and spend any additional net proceeds generated from such sales to fund other commercial activities and would have a negligible net budgetary impact over time.

In addition, CBO expects that the Mint would use gold obtained from the reserves held at the Treasury to produce the gold coins and medal. 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 deficit—CBO has not included such receipts in this estimate. CBO estimates that H.R. 1057 would provide the federal government with about \$3 million in additional cash (in exchange for gold) for financing the federal deficit in fiscal year 2007.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1057 contains no intergovernmental or private-sector mandates as defined in UMRA. Any costs to state or local governments would not be significant.

ESTIMATE PREPARED BY:

Federal Costs: Matthew Pickford
Impact on State, Local, and Tribal Governments: Sarah Puro
Impact on the Private Sector: Craig Cammarata

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis