



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 8, 2008

**H.R. 6184
America's Beautiful National Parks
Quarter Dollar Coin Act of 2008**

As ordered reported by the House Committee on Financial Service on June 25, 2008

SUMMARY

H.R. 6184 would authorize the U.S. Mint to make changes to the design of the quarter-dollar coin to feature one national park or other national site in each state, the District of Columbia, and each territory beginning in 2010. In addition, the legislation would require production of a new silver bullion coin bearing the same design as the quarter dollar.

CBO estimates that enacting this bill would reduce direct spending by \$26 million over the 2010-2018 period. H.R. 6184 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.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 6184 is shown in the following table. The budgetary effects of this legislation fall within budget function 800 (general government).

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | | | | |
|--|--|------|------|------|------|------|------|------|------|------|---------------|---------------|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2009- 2013 | 2009- 2018 | |
| CHANGES IN DIRECT SPENDING | | | | | | | | | | | | | |
| National Park Quarter Program | | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | -2 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -11 | -26 | |
| Estimated Outlays | 0 | -2 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -11 | -26 | |
| Net Proceeds from Sales of Silver Bullion Coin | | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | * | * | * | * | * | * | * | * | * | * | * | * |
| Estimated Outlays | 0 | * | * | * | * | * | * | * | * | * | * | * | * |
| Net Changes in Direct Spending Under H.R. 6184 | | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | -2 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -11 | -26 | |
| Estimated Outlays | 0 | -2 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -3 | -11 | -26 | |

Note: * = savings of less than \$500,000.

In addition to the budgetary effects summarized in the table, by increasing the public's holding of coins, H.R. 6184 also would provide the government with additional resources for financing the federal deficit. The seigniorage (or profit) from placing the additional coins in circulation—the difference between the face value of the coins and the cost of production—would reduce the amount the government needs to borrow from the public. CBO estimates that seigniorage resulting from the bill would amount to about \$785 million over the 2010-2018 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

H.R. 6184 would direct the Secretary of the Treasury to design and issue a series of quarters that feature one national park or other national site in each state, the District of Columbia, and each territory (for a total of 56) over an 11-year period, beginning in 2010. During this period, designs for each national park or other national site in each state would replace the eagle design on the reverse side of the George Washington quarter that is scheduled to be used again in 2010 following the end of the state quarters series.

The Mint would issue five quarters a year in the order that the national sites were established. The Secretary of the Treasury would select the sites within 270 days of enactment in consultation with the Secretary of the Interior, the governor or other chief executive of each state, territory, or the District of Columbia. The design selection would be made by the Secretary of the Treasury after consultation with the Secretary of the Interior and the Commission on Fine Arts. The Citizens Coinage Advisory Committee would review the designs. After the new National Parks Quarter Dollar Program ends, the quarter-dollar reverse design would contain an image of Washington crossing the Delaware prior to the Battle of Trenton.

The bill also would direct the Mint to produce a silver bullion coin bearing the same designs as the circulating quarter dollars that would only be available during the calendar year the circulating coin is issued. The 0.999 fine silver bullion coins would have a diameter of 3 inches and weigh 5 ounces. The distribution of the bullion coins would be made through authorized dealers or through the National Park Service or a designee.

National Parks Quarter Dollar Program

Beginning in 2010, H.R. 6184 would authorize the Mint to sell uncirculated and proof coins, both made of copper-nickel and silver. CBO expects that the Mint would sell a variety of proof and silver sets of the redesigned quarter dollar. Since those are commercial products, the receipts would constitute offsetting collections to the Mint. Based on information from the Mint and historical sales and profit information for the 50 State Quarters Program, CBO estimates that those sales would increase offsetting collections to the Mint by about \$30 million annually, for a total of about \$263 million over the 2010-2018 period. Based on the cost of previous Mint sets, CBO estimates that the Mint would retain and spend about \$27 million annually of the increased offsetting collections to cover the costs of producing the coins, at a total cost of about \$237 million over the 2010-2018 period. The Mint must transfer any excess funds it generates from sales to the general fund of the Treasury. CBO estimates that net receipts to the Treasury, therefore, would total about \$3 million annually or \$26 million over the 2010-2018 period.

Silver Bullion Coin

H.R. 6184 would direct the Mint to produce a quarter-dollar coin of 0.999 fine silver bullion for investors. The new silver bullion coin would be produced in the same sequence as the coins in the National Parks Quarter Dollar Program. Based on information from the Mint and the numismatic and investment community, CBO expects that sales of the silver bullion coins would be small. Thus, we estimate that the silver bullion coins would generate less

than \$500,000 a year in excess of production costs; that amount 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 quarters, H.R. 6184 also would result in the government's acquiring additional resources for financing the federal deficit in the form of seigniorage—the difference between the face value of coins and the cost to produce them. The Mint's 50 State Quarters Program has been credited with generating renewed interest in holding more coins by collectors and the public. The production of quarters increased from about 1.5 billion over the 1989-1998 period to over 6 billion in fiscal year 2000 when the 50 State Quarters Program began. By fiscal year 2007, however, demand for quarters had fallen to about 2.7 billion quarters. The Mint estimates that the 50 State Quarters Program has generated about \$3.5 billion of seigniorage since the program began in 1999.

CBO expects that enacting the bill would lead to a greater production of quarters, although not as many as the 50 State Quarters Program. The seigniorage, or profit, from placing the additional coins in circulation would reduce the amount of government borrowing from the public. Quarter-dollar production has averaged about 3.5 billion coins a year over the past nine years, and the seigniorage is about 15.2 cents per coin. However, over the past five years, quarter-dollar production has diminished to about 2.6 billion coins a year. Based on information from the Mint and the numismatic community, CBO expects that quarter-dollar production under the National Parks Quarter Dollar Program would be about 2 billion coins annually, or almost 600 million more quarter-dollar coins a year than would otherwise be produced. CBO estimates that seigniorage earned by the federal government would increase by about \$785 million over the 10-year period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 6184 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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