

MODEL CONGRESS BILL PROPOSAL

Bill Working Title:	The Elimination of the Penny
Position:	The use of the one cent coin, the "penny", as legal tender in the United States, and its production would be terminated. All cash transactions would be rounded to the nearest 5 cents (ending in 0 or 5).
Where does it take effect?	Circle one: <input type="radio"/> Locally <input type="radio"/> Statewide <input checked="" type="radio"/> Nationwide (federal) Explain: In all 50 states, the District of Columbia and all U.S. territories.
What will it do?	All cash transactions should be rounded to the nearest five cents, using the same method as the Canadians where 1,2,6,7 cents are rounded down, and 3,4,8,9 are rounded up. This would eliminate the need for the penny as it is a burden to our Mint, and to the pockets of all citizens. It should remain legal tender and could be used, but will no longer be circulated as change, and will eventually dissipate.
Who does it effect?	Every person and every financial transaction.
When does it take effect?	January 1 2021.
Why is it important legislation? Why does this matter?	<p>The penny has been produced since 1789. Over time it's size has slowly gotten smaller, and less and less comprised of its original copper. Due to inflation over time, the penny has become less useful in cash transactions because of its small value. The U.S. also minted a half cent coin from 1793-1857, and it was discontinued due to its lack of necessity.</p> <p>In 1990, Representative Jim Kilbe presented the Price Rounding Act of 1989, for the purpose of eliminating the penny. In 2001, he tried again with the Legal Tender Modernization Act of 2001. He tried one last time in 2006, even giving it a great acronym, The Currency Overhaul for an Industrious Nation (COIN) Act, but despite his efforts, and public support all failed in Congress. It currently costs 1.5 cents to make one penny, and at its peak in 2011, it cost 2.1 cents. That means that every penny that the US mint produces, it wastes money in the process, and those numbers add up quickly. Last year, it cost the mint 1.5 cents to produce a penny, creating what in the coin world is known as negative seigniorage. That amounted to a loss of almost \$46 million on the production of more than nine billion pennies. The primary reason is the soaring cost of metals.</p> <p>In 2012, Canada eliminated their one cent coin. The coin had very similar size and metal composition, and they successfully eliminated it for the same reasons, and by the same methods put forth by representative Kilbe's bills. Also, at U.S. military bases overseas the AAFES, rounds all of its transactions to the nearest nickel, for the convenience of its users, and has never seen an issue.</p>
How much will it cost and who will pay for it?	It would save millions of dollars every year. \$46 million last year.

SOURCES:

<https://www.congress.gov/bill/107th-congress/house-bill/2528>
<http://www.mnt.ca-store/dyn/PDFs/FutureofthePennyENG.pdf>
<http://www.retirethepenny.org/index.html>
<http://www.pennies.org>

Why this is an excellent example.

1. This bill has a clear position and makes an excellent argument.
2. This bill shows the history of the penny and its current problem of wasted expense to all citizens.
3. This bill has sources.
4. The only weakness in this bill may be its January 2021 starting date. One could argue that is too soon for the necessary adjustments to be made. Businesses may need more time to prepare for the elimination of the penny and the rounding mechanisms.