CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 8, 1999

S. 1468
United States Capitol Visitor Center Commemorative Coin Act of 1999

As passed by the Senate on July 30, 1999

SUMMARY

S. 1468 would authorize 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 2000 to commemorate the bicentennial of the first meeting of the Congress in the Capitol. The bill 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 funds, without appropriation action, toward the costs of constructing and maintaining the proposed Capitol Visitor Center.

CBO estimates that enacting S. 1468 would decrease direct spending by $1 million over the 2000-2004 period, but would have no net effect on direct spending over the 2000-2009 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply. S. 1468 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would have no impact on the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1468 is shown in the following table. The bill would affect budget functions 800 (general government) and 050 (defense).

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

a. Less than $500,000.

BASIS OF ESTIMATE

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; however, because of the difficulties of producing a gold-and-platinum coin for the first time ever at the same time that it is preparing to introduce a new dollar coin into circulation, the Mint is planning to substitute a gold coin for the bimetallic coin.

With the gold coin, sales of these 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 12 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 S. 1468, resulting in surcharges of about $4 million.

CBO expects that the Mint would collect most of the surcharges during fiscal year 2000 and would transfer such collections to the Capitol Preservation Fund in fiscal year 2001. (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.) Because the fund could spend such amounts without appropriation action, CBO estimates that the additional surcharges would result in new direct spending of about $4 million over the 2000-2004 period. Excluding surcharges, we expect that proceeds from sale of the coins 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.

In addition, because the Mint would use silver obtained from the Defense Logistics Agency (DLA) to produce the silver coins, CBO estimates that S. 1468 would increase offsetting collections to the government from the sale of excess silver by about $1 million in fiscal year 2000, 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 Capitol Visitor Center coin in 2000 would leave less available to produce currently authorized coins in subsequent years, resulting in a loss of receipts of about $1 million in 2007.

Similarly, we expect that the Mint would use gold obtained from the reserves held at the Treasury to produce the 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 S. 1468 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 2000.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	-5	0	0	2	2	0	0	1	0	0
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1468 contains no intergovernmental or private-sector mandates as defined in UMRA and would have no impact on the budgets of state, local, or tribal governments.

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