

Congress of the United States

Washington, DC 20515

Eliminating the Penny: Pound Foolish!

August 2, 2001

Dear Colleague:

Legislation recently introduced by Representative Jim Kolbe (R-AZ), H. R. 2528, seeks to abolish the penny through mandatory price rounding. He also seeks to eventually phase out the \$1 dollar bill. We write to urge you to oppose this legislation which is harmful to consumers and the economy.

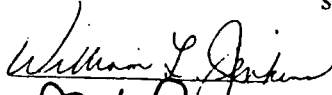
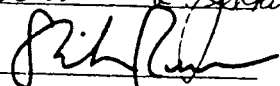
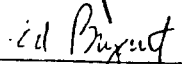
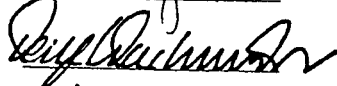

The penny and the dollar bill are the two most familiar and popular items of our coinage and currency systems. There are several reasons to oppose H.R. 2528:

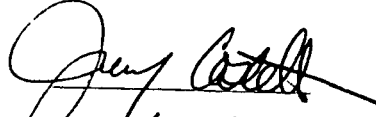
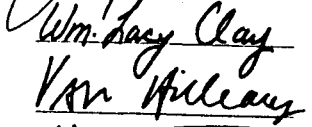
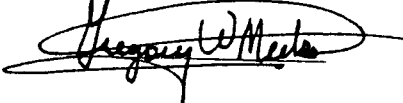
- **There's Strong Public Support for the Penny and Dollar Bill.** National polling shows that almost three-fourths (73%) of Americans favor continuing penny production. Over 80% of the public wants to keep the dollar bill. Specifically, the alternative to the penny is rounding purchases to the nickel. Research shows consumers will be hit with a \$600 million "rounding tax" every year without a circulating penny.
- **The Mint Wants to Keep Producing the Penny and the Bureau of Engraving and Printing (BEP) Wants to Continue Dollar Bill Production.** The Mint makes a profit on each penny produced. The BEP understands that Americans have never liked the \$2 dollar bill, which Representative Kolbe suggests can replace the dollar bill.
- **Leading Industrialized Countries Continue to Use Low Denomination Coins, Including the U.S., Canada, Japan, France, and Germany.** Equally significant, the European Union (EU) will be adopting both one- and two-cent euro coins in 2002. Underlying the EU's decision to incorporate a "euro penny" was the fundamental aim of avoiding the systematic rounding up of prices, which virtually mirrors American public opinion. Countries comprising the monetary union were concerned that without a one-cent coin, there would be an incentive to raise prices.
- **There is Not a Compelling Need for Changing Our Money.** The federal government's experience with the metric system and Susan B. Anthony coin suggests that changes imposed without the public's support will fail miserably. The penny and dollar bill have become so embroidered into the social and commercial fabric of society that there must be a pressing need to change. There is no pressing need to eliminate the penny and dollar bill. In fact, the negative effect of currency alteration dwarfs any alleged benefits.

The driving force behind the effort to eliminate the penny (and the dollar bill) rests with the failure of the new Sacagawea dollar coin to circulate. Despite a lack of public interest and support for using the dollar coin in commercial transactions, backers of the new dollar coin claim the Sacagawea dollar won't circulate until the penny is eliminated. These two coins are completely unconnected.

Please act to protect consumers from an unpopular "rounding tax." We ask you to support the penny and dollar bill and oppose H.R. 2528.

Sincerely yours,

Reps. William L. Jenkins, Jerry Costello, Mike Pence, William Lacy Clay, Ed Bryant, Van Hilleary, Jesse Jackson, Jr., Gregory W. Meeks, and Mark Green