

107TH CONGRESS  
1ST SESSION

# H. R. 2528

To modernize the legal tender of the United States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 17, 2001

Mr. KOLBE introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To modernize the legal tender of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Legal Tender Mod-  
5 ernization Act”.

6 **SEC. 2. REDESIGN AND ISSUANCE OF COMMEMORATIVE**  
7 **CIRCULATING \$2 FEDERAL RESERVE NOTES.**

8 (a) IN GENERAL.—Notwithstanding the authority of  
9 the Secretary of the Treasury under the 8th undesignated  
10 paragraph of section 16 of the Federal Reserve Act, dur-  
11 ing the 5-year period beginning January 1, 2003, \$2 Fed-

1 eral reserve notes issued or otherwise placed into circula-  
2 tion by any Federal reserve bank shall have such designs  
3 and be in such form and tenor as the Secretary may select  
4 in accordance with this section.

5 (b) ISSUANCE OF NEW DESIGN EACH YEAR.—A new  
6 design shall be selected for \$2 Federal reserve notes issued  
7 or otherwise placed into circulation by any Federal reserve  
8 bank during each year of the 5-year period referred to in  
9 subsection (a).

10 (c) SELECTION OF DESIGN.—

11 (1) IN GENERAL.—Each of the 5 designs re-  
12 quired under this section for \$2 Federal reserve  
13 notes shall—

14 (A) be emblematic of the history of the  
15 United States; and

16 (B) be selected by the Secretary of the  
17 Treasury, after consultation with the Commis-  
18 sion of Fine Arts.

19 (2) PROHIBITION ON CERTAIN REPRESENTA-  
20 TIONS.—No portrait of a living person may be in-  
21 cluded in the design of any \$2 Federal reserve note  
22 under this subsection.

23 (d) PRODUCTION.—Except as provided in subsection  
24 (a), the 8th undesignated paragraph of section 16 of the

1 Federal Reserve Act shall apply to all \$2 Federal reserve  
2 notes to which this section applies.

3 (e) RETURN TO OTHER DESIGN.—After the end of  
4 the 5-year period referred to in subsection (a), the \$2 Fed-  
5 eral reserve note shall bear such design, and be in such  
6 form and tenor, as the Secretary of the Treasury may de-  
7 termine to be appropriate in accordance with the 8th un-  
8 designated paragraph of section 16 of the Federal Reserve  
9 Act, except that, in making any such determination, the  
10 Secretary shall take into account the 5 designs selected  
11 for such 5-year period and shall give such designs priority  
12 in making the final determination.

13 **SEC. 3. CASH TRANSACTION ROUNDING.**

14 (a) ROUNDING OF CASH TRANSACTION VALUES TO  
15 NEAREST 5 CENTS REQUIRED.—Notwithstanding any  
16 other provision of law, any person selling goods or services  
17 shall determine the total transaction value of such goods  
18 or services in the following manner:

19 (1) TOTAL TRANSACTION VALUES.—The trans-  
20 action values of goods and services shall be totaled,  
21 any discount or deduction therefor made, and sales  
22 tax or other tax imposed, if any, added to that total  
23 in accordance with the law of the State in which  
24 such goods or services are sold.

25 (2) ROUNDING.—

1 (A) ROUNDING DOWN.—If 1 cent, 2 cents,  
2 6 cents, or 7 cents shall be contained in the re-  
3 sulting sum, that sum shall be rounded down to  
4 the nearest amount divisible by 5 for those indi-  
5 viduals seeking to make payment with legal ten-  
6 der.

7 (B) ROUNDING UP.—If 3 cents, 4 cents, 8  
8 cents, or 9 cents shall be contained in the re-  
9 sulting sum, that sum shall be rounded up to  
10 the nearest amount divisible by 5 for any per-  
11 son seeking to make payment with legal tender.

12 (b) EXCEPTION.—The provisions of subsection (a)(2)  
13 shall not apply to—

14 (1) transactions the total amount of which is 2  
15 cents or less, or

16 (2) transactions for which payment is made by  
17 any demand or negotiable instrument, electronic  
18 fund transfer, money order, credit card, or other like  
19 instrument.

20 (c) NO EFFECT ON LEGAL TENDER.—All coins and  
21 currencies of the United States, regardless of when coined,  
22 printed, or issued, shall continue to be legal tender for  
23 all debts, public and private, public charges, taxes, duties,  
24 and dues, in accordance with law.

1 (d) COORDINATION WITH CERTAIN STATE OR LOCAL  
2 TAX LAWS.—Any tax imposed by any State or municipal  
3 taxing authority shall not apply to gains or losses resulting  
4 from rounding.

5 (e) NUMISMATIC ITEMS.—The Secretary of the  
6 Treasury may produce so many one-cent pieces as the Sec-  
7 retary determines are sufficient to include in uncirculated  
8 sets, proof sets, and other collector sets as, from time to  
9 time, the Secretary shall determine.

10 (f) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as provided in para-  
12 graph (2), this section shall take effect at the end  
13 of the 180-day period beginning on the date of the  
14 enactment of this Act.

15 (2) DELAYED EFFECTIVE DATE.—If the end of  
16 the 180-day period referred to in paragraph (1) oc-  
17 curs during the 3-month period beginning on No-  
18 vember 1 of any year, this section shall take effect  
19 on February 1 of the year immediately following  
20 such year.

21 (g) RULE OF CONSTRUCTION.—No provision of this  
22 section shall be construed as evidence of any intention to  
23 eliminate the pricing of goods or services to the nearest  
24 cent or mill or to alter the amount of sales tax collected  
25 or paid to any State or municipal taxing authority.

1 **SEC. 4. PRODUCTION OF DOCUMENTS FOR FOREIGN GOV-**  
2 **ERNMENTS.**

3 (a) IN GENERAL.—Section 5114(a) of title 31,  
4 United States Code (relating to engraving and printing  
5 currency and security documents) is amended—

6 (1) by striking “(a) The Secretary of the Treas-  
7 ury” and inserting:

8 “(a) AUTHORITY TO ENGRAVE AND PRINT.—

9 “(1) IN GENERAL.—The Secretary of the  
10 Treasury”; and

11 (2) by adding at the end the following new  
12 paragraph:

13 “(2) ENGRAVING AND PRINTING FOR FOREIGN  
14 GOVERNMENTS.—The Secretary of the Treasury  
15 may, if the Secretary determines that it will not  
16 interfere with engraving and printing needs of the  
17 United States—

18 “(A) produce currency, postage stamps,  
19 and other security documents for foreign gov-  
20 ernments, subject to a determination by the  
21 Secretary of State that such production would  
22 be consistent with the foreign policy of the  
23 United States; and

24 “(B) produce security documents for  
25 States and their political subdivisions.”.

1 (b) PAYMENT FOR SERVICES.—Section 5143 of title  
2 31, United States Code (relating to payment for services  
3 of the Bureau of Engraving and Printing) is amended—

4 (1) in the 1st sentence, by inserting “, any for-  
5 eign government, any State, or any political subdivi-  
6 sion of any State” after “agency”; and

7 (2) in the last sentence, by inserting “, foreign  
8 government, State, or political subdivision of a  
9 State” after “agency”.

10 **SEC. 5. CLARIFICATION OF EXISTING LAW REGARDING IN-**  
11 **CLUSION OF SEIGNIORAGE IN BUDGET.**

12 The 9th proviso of section 522 of Public Law 104–  
13 52 (31 U.S.C. 5136) is amended by inserting “and such  
14 amount shall be included as an estimated receipt of the  
15 Government and a receipt of the Government under para-  
16 graphs (6) and (7), respectively, of section 1105(a) of title  
17 31, United States Code, in any budget submitted under  
18 such section” before the colon after “miscellaneous re-  
19 ceipts”.

20 **SEC. 6. REDESIGN OF \$1 FEDERAL RESERVE NOTE PROHIB-**  
21 **ITED.**

22 Notwithstanding the authority of the Secretary of the  
23 Treasury under the 8th undesignated paragraph of section  
24 16 of the Federal Reserve Act, the Secretary may not se-  
25 lect or approve any new design for, or implement any

- 1 change in the design of, \$1 Federal reserve notes after
- 2 the date of the enactment of this Act.

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