CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 20, 2000

S. 2266
2002 Winter Olympic Commemorative Coin Act

As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs on July 13, 2000

SUMMARY

S. 2266 would direct the U.S. Mint to produce a $5 gold coin and a $1 silver coin in calendar year 2002 to commemorate the 2002 Winter Olympic Games. The bill would specify a surcharge on the sales price of $35 for the gold coin and $10 for the silver coin and would designate the Salt Lake Organizing Committee for the Olympic Winter Games of 2002 (SLOC) and the United States Olympic Committee (USOC), both private entities, as recipients of the income from those surcharges.

CBO estimates that enacting S. 2266 would decrease direct spending by about $1.5 million over the 2001-2005 period, but would have no net effect on direct spending over the 2001-2010 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply. S. 2266 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 S. 2266 is shown in the following table. In addition to those budgetary changes, by using gold obtained from the reserves held by the Treasury, CBO estimates that the bill would provide the federal government with $5 million to $5.5 million in additional cash (in exchange for gold) for financing the federal surplus in fiscal year 2002. (Those financing effects do not, however, change the surplus.) The bill would affect budget functions 800 (general government) and 050 (defense).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING					
Receipt of Coin Surcharges					
Estimated Budget Authority	0	-6	a	0	0
Estimated Outlays	0	-6	a	0	0
Transfer of Coin Surcharges					
Estimated Budget Authority	0	3	3	0	0
Estimated Outlays	0	3	3	0	0
Purchase of Government Silver					
Estimated Budget Authority	0	-2	0	0	0
Estimated Outlays	0	-2	0	0	0
Total Changes					
Estimated Budget Authority	0	-5	3	0	0
Estimated Outlays	0	-5	3	0	0

a. Less than $500,000.

BASIS OF ESTIMATE

S. 2266 could raise as much as $6.8 million in surcharges if the Mint sells the maximum number of authorized coins. Based on the experience of coin programs commemorating prior Olympic Games in the United States and the 1994 World Cup tournament, CBO estimates that the Mint would sell close to all of the coins authorized under S. 2266, resulting in surcharges of about $6.5 million. CBO expects the Mint would collect most of those surcharges in fiscal year 2002 and would transfer about one-half of estimated collections to the two private organizations in each of fiscal years 2002 and 2003.

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. Thus, CBO estimates that the collection and transfer of such surcharges would have no net effect on direct spending over the 2001-2005 period. Excluding surcharges, we expect that proceeds from the 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. 2266 would increase offsetting collections to the government from the sale of excess silver by about $1.5 million in fiscal year 2002, with DLA receiving about three-quarters of that amount. (By law, the Mint must deposit as miscellaneous offsetting 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 Winter Olympics coin in 2002 would leave less available to produce currently authorized coins in subsequent years, resulting in a loss of offsetting receipts of about $1.5 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. CBO estimates that S. 2266 would provide the federal government with between $5 million and $5.5 million in additional cash (in exchange for gold) for financing the federal surplus in fiscal year 2002.

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										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-5	3	0	0	0	0	2	0	0	0
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2266 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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