



DEPARTMENT OF THE TREASURY

United States Mint

31 CFR Part 100

Exchange of Coin

AGENCY: United States Mint, Department of the Treasury.

ACTION: Notice of proposed rulemaking; withdrawal of proposed rule.

SUMMARY: The United States Mint proposes to remove its regulations relating to the exchange of bent and partial coin. The proposed removal will end the exchange program for bent and partial coin. This document also withdraws the notice of proposed rulemaking relating to these same regulations that was published in the *Federal Register* for May 5, 2021.

DATES: *Comment due date:* [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Withdrawal: As of [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] the proposed rule published May 5, 2021, at 86 FR 23877 is withdrawn.

ADDRESSES: The United States Mint invites comments on all aspects of this proposed revision.

You may send comments by any of the following methods:

- Federal eRulemaking Portal: www.regulations.gov. Follow the instructions for sending comments.
- Mail: Submit all written comments to Mutilated Coin Redemption Program; Manufacturing Directorate; United States Mint; 801 9th Street, N.W.; Washington, DC 20220.
- Hand Delivery/Courier: Same as mail address.

Instructions: All submissions received must include the agency name for this rulemaking. All comments received will be posted without change to regulations.gov, including any personal information provided.

FOR FURTHER INFORMATION CONTACT: Apryl Whitaker, Senior Legal Counsel, Office of the Chief Counsel, United States Mint, at (202) 354-7938 or rulemaking@usmint.treas.gov.

SUPPLEMENTARY INFORMATION:

I. Background

The Treasury regulations appearing at 31 CFR 100.11, are promulgated under 31 U.S.C. 5120, and relate to the exchange of bent and partial coin. The last amendment to 31 CFR part 100, subpart C, was on December 20, 2017. On May 5, 2021, the United States Mint issued a notice of proposed rulemaking, proposing certain revisions to these regulations (86 FR 23877). Since then, the United States Mint has decided to close the bent and partial coin exchange program.

II. This Proposed Rule

For many years, the United States Mint has redeemed bent and partial coins for full face value. However, in recent years, the volume of coins submitted for possible redemption has greatly increased, and there is no practical way for the United States Mint to expand the resources devoted to the program to meet the full level of demand. This is particularly true where submissions must be carefully evaluated to ensure that counterfeit coins are not accepted to the program and where the condition of many coins, particularly large volumes of coins damaged by recycling or industrial processes, makes authentication difficult and time-consuming. An increasing number of counterfeits has been identified in imported coins intercepted by law enforcement in recent years, as well in as several large submissions to the Mutilated Coin Redemption Program. The United States Mint Philadelphia facility's capacity to process mutilated coins is limited by physical storage capacity, caseload complexity, and workload. Authentication procedures require extensive time and resources. The United States Mint has dedicated substantial time and resources to the bent and partial coin exchange program, in addition to operating the program at a loss by paying out face value for redemptions. With the closure of the exchange program, these resources could instead be redirected toward the United States Mint's core mission of manufacturing and distributing circulating, precious metal, and collectible coins and national medals, and providing security over assets entrusted to the United States Mint.

The melting of dimes, quarters, half-dollar, and dollar coins is not regulated by the United States Mint. The public may melt and reuse certain coins consistent with 31 CFR part 82. While there is a prohibition against melting pennies and nickels, there is a specific exception at 31 CFR 82.2 for coins melted or treated incidental to recycling other materials if (1) the coins were not added to

the other materials for their metallurgical value, (2) the volumes of the coins, relative to the volumes of the other materials recycled, makes it clear that the presence of such coins is merely incidental, and (3) the separation of the coins from the other materials would be impracticable or cost prohibitive. See 31 CFR 82.2(c). This exception extends to the melting of coins that become mutilated due to treatment that is itself within the scope of the exception. If an exception does not apply, then applications for licenses to melt pennies and nickels should be transmitted to the Director, United States Mint; 801 9th Street, NW; Washington, DC 20220. See 31 CFR 82.2(f).

III. Procedural Analysis

Regulatory Planning and Review

The Office of Management and Budget has determined that this proposed rule does not constitute a “significant regulatory action” under Executive Order 12866, as amended.

Regulatory Flexibility Act Analysis

Congress enacted the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*) to address concerns related to the effects of agency rules on small entities, and the United States Mint is sensitive to the impact its rules may impose on small entities. In this case, the United States Mint believes that the proposed rule likely would not have a “significant economic impact on a substantial number of small entities.” 5 U.S.C. 605(b). First and foremost, the regulations do not directly regulate any entities. The redemption of bent and or partial coins is a discretionary service offered to the public; participation is voluntary. Comments are requested on whether the proposed rule would have a significant economic impact on a substantial number of small entities.

The RFA requires agencies either to provide an initial regulatory flexibility analysis with a proposed rule or to certify that the proposed rule will not have a significant economic impact on a substantial number of small entities. In accordance with section 3(a) of the RFA, the United States Mint has reviewed the proposed regulation. While the United States Mint believes that the proposed rule—or in this case—the removal thereof, likely would not have a significant economic impact on a substantial number of small entities given that the regulations do not directly regulate any entities, the United States Mint has prepared an Initial Regulatory Flexibility Analysis in accordance with 5 U.S.C. 603. The United States Mint will, if necessary, conduct a final regulatory flexibility analysis

after consideration of comments received during the public comment period.

1. Statement of the Need for, Objectives of, and Legal Basis for, the Proposed Rule

The regulations at 31 CFR part 100, subpart C, are promulgated under 31 U.S.C. 5120, and provide for the exchange of uncurrent, bent, partial, fused, and mixed coins. For the reasons discussed in this preamble, the United States Mint has decided to close the bent and partial coin exchange program, which is a discretionary program that is not mandated by law.

2. Small Entities Affected by the Proposed Rule

The number of entities tendering significant quantities of coins for redemption in the past has been small. A large number of entities redeeming coins in the past were individuals—not businesses. A wide variety of businesses, such as municipal entities, recyclers, coin processors, amusement parks, auto shops, and waste management companies have applied for coins to be redeemed in the past. The United States Mint invites information and comment on the number of small entities to which the proposed rule would apply and the extent to which the proposed rule may affect them, including any costs such as lost revenue.

3. Projected Reporting, Recordkeeping, and Other Compliance Requirements

The United States Mint has not identified any reporting, recordkeeping, or other compliance requirements associated with the proposed rule.

4. Identification of Duplicative, Overlapping, or Conflicting Federal Rules

The United States Mint has not identified any Federal rules that duplicate, overlap, or conflict with the proposed rule. The United States Mint seeks comment regarding any statutes or regulations that would duplicate, overlap, or conflict with the proposed rule or in this case—the removal thereof.

5. Significant Alternatives to the Proposed Rule

The United States Mint considered alternatives to the proposed regulations. For example, the United States Mint considered re-opening the program under the new parameters identified in the May 5, 2021, *Federal Register* notice (86 FR 23877), proposing certain revisions to these regulations that would establish weight and shipment limits per participant and would prohibit the submission of certain kinds of coins or coins with certain kinds of damage. Re-opening the program—even with these restrictions--would entail costs to the United States Mint. Further, the volume of coins

submitted for possible redemption has greatly increased over the years, and there is no practical way for the United States Mint to expand the resources devoted to the program to meet the full level of demand. In response to the United States Mint's May 5, 2021, *Federal Register* Notice (86 FR 23877), several commenters expressed concern with the proposed 1,000 lb. per month submission limit, indicating that businesses have large volumes of coins to be redeemed that well exceed the monthly or annual limit. For example, one vendor alone indicated that at a rate of 1,000 lbs. per month, it would take over seven years just to redeem a portion of its inventory. The prior rulemaking indicated that, under these limits, participants would not be guaranteed the right to submit 1,000 lbs. per month; nor would the United States Mint have capacity even at this low rate to evaluate more than a small number of submissions per month.

The United States Mint considered re-opening the program for a short, limited time period under the new parameters identified in the May 5, 2021, *Federal Register* notice (86 FR 23877) with a published sunset date to allow those who have stored their mutilated coins in anticipation of the program reopening to submit their mutilated coins. It is clear, however, that there is no practical way for the United States Mint to expand the resources devoted to the program to meet the full level of demand, even for a limited time.

IV. Request for Comment

Before the proposed removal of the Treasury regulations at 31 CFR 100.11 are adopted as final regulations, the United States Mint will consider any comments that are submitted to the bureau as prescribed in this preamble under the DATES and ADDRESSES sections. The United States Mint and the Department of the Treasury request comments on all aspects of the proposed revisions to these regulations and the end of the exchange program.

List of Subjects in 31 CFR Part 100

Coins.

For the reasons set forth in the preamble, the United States Mint proposes to amend 31 CFR part 100 as follows:

PART 100—EXCHANGE OF PAPER CURRENCY AND COIN

1. The authority citation for part 100 continues to read as follows:

Authority: 31 U.S.C. 321.

§ 100.11 [Removed and Reserved]

2. Remove and reserve § 100.11.

3. Amend § 100.12 by revising paragraph (b) to read as follows:

§ 100.12 Exchange of fused or mixed coin.

* * * * *

(b) Fused and mixed coins. The United States Mint will not accept fused or mixed coins for redemption.

§ 100.13 [Amended]

4. Amend § 100.13 by:

- a. Removing paragraph (a);
- b. Redesignating paragraphs (b) through (d) as paragraphs (a) through (c), respectively; and
- c. In newly redesignated paragraph (b), removing the phrase “to any bent or partial”.

Ventris C. Gibson,

Director, United States Mint.

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