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Common Cents Act Rewrites the Rules of Cash After the Penny's Demise

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America has already minted its last circulating penny. Congress is now deciding what comes after it.

Last Friday, the Senate passed the Common Cents Act. The bill would formally end penny production for general circulation. It would create national rules for rounding some cash transactions. It would also let Treasury test a cheaper nickel. Existing pennies would remain legal tender.

The House and Senate have now passed separate versions of the Common Cents Act, but the texts differ. Therefore, Congress still must reconcile them.

On its face, this is a modest efficiency measure. It is also a marker of what decades of inflation have done to American money, and of Washington's accelerating shift from physical cash toward digital finance.

Costly Penny

Congress is partly catching up with a decision the executive branch already made.

In February 2025, President Donald Trump directed the Treasury secretary to stop producing pennies, citing the fact that each one cost 3.69 cents to make. Treasury subsequently suspended production for circulation.

Announcing the move, Trump said each penny cost "more than 2 cents" to produce and called the practice a "waste."

> 🚨 BREAKING: President Trump instructs the Secretary of the Treasury to stop production of the penny pic.twitter.com/ZuVkDRabch
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> — Rapid Response 47 (@RapidResponse47) February 10, 2025

The U.S. Mint struck the final circulating penny on November 12, 2025. That ended a 232-year production run.

The economics are difficult to defend. In 2024 alone, the U.S. Mint lost $85.3 million producing pennies. Treasury projected about $56 million in annual material savings from ending production.

When the House approved its version of the Common Cents Act on July 14, House Republicans celebrated the legislation with an Abe Lincoln pun.

"It's time to be honest with Honest Abe: this coin just isn't making cents," the House GOP account posted on X.

> It’s time to be honest with Honest Abe: this coin just isn’t making cents. The federal government has lost over $250 million producing pennies in just the past two years. That’s why the House just passed @RepLisaMcClain’s Common Cents Act — taxpayers finally win! ▯▯▯
>
> Existing… pic.twitter.com/lixQNlit7o
>
> — House Republicans (@HouseGOP) July 14, 2026

Sure, the government should not spend nearly four cents to create a coin worth one cent.

But the savings tell only part of the story. What the president and lawmakers have largely avoided is the more uncomfortable question: Why did Honest Abe’s coin become so expensive to make in the first place? More on that later.

What Changes at the Register

The Senate bill does not ban pennies already in circulation. It explicitly says existing one-cent coins “shall remain legal tender” for debts, taxes, and other obligations.

Instead, the bill creates rules for cash transactions when “exact change cannot be provided.” A merchant could then round the final amount to the nearest five cents.

A $10.02 purchase would become $10.00. A $10.03 purchase would become $10.05. A $10.07 purchase would fall to $10.05, while $10.08 would rise to $10.10.

There is one notable exception: A transaction totaling only one or two cents could be rounded up to five cents.

Electronic payments would not change. The bill specifically exempts an “electronic fund transfer.” It also excludes checks, gift cards, money orders, and credit cards from the rounding provisions. Nor does the legislation require rounding when exact change remains available.

The Senate text also acknowledges that the transition may not affect everyone equally. It directs Treasury to assess the effects of penny shortages and rounding on “low-income communities, older consumers, debanked, unbanked, and underbanked individuals.”

Treasury must recommend congressional action if it finds harmful effects. The Federal Reserve Board must then incorporate that assessment into a broader plan for maintaining the coin distribution system.

Those concerns are not theoretical. Cash accounted for 14 percent of consumer payments in 2024.

Demographically, the divide is sharp. Households earning under $25,000 used cash for 24 percent of payments, more than twice the rate among households earning over $100,000. Adults 55 and older used cash for 19 percent of payments, nine points more than those aged 25 to 54.

That makes the change more than an accounting exercise. The Americans most dependent on physical money are also the ones most exposed when cash can no longer settle every transaction to the exact cent.

The Nickel Gets a Redesign

The nickel may be the stranger part of the bill.

A five-cent coin is also expensive to manufacture. The Mint spent 13.8 cents to produce and distribute each nickel in 2024. It recorded another $17.7 million in losses on the denomination that year.

The Common Cents Act would let Treasury test a cheaper construction. The Senate text allows a nickel with a zinc inner layer and a nickel outer layer. The new design must lower costs and minimize disruption to vending machines and other coin equipment.

The bill does not abolish the nickel.

In fact, the Senate added a safeguard before Treasury could discontinue another circulating coin. Treasury would have to notify congressional banking committees. It would also have to explain the fiscal and operational case and provide a phaseout plan that considers consumers and businesses.

Still, the pressure is obvious. Inflation keeps shrinking the purchasing power of small dollar denominations. Production costs keep rising. That makes the economic case against the next coin easier with every passing year.

Devaluing Money

The timing makes the change more consequential.

In September, the Senate is expected to vote on the CLARITY Act, which would create a broader federal framework for digital assets. Congress had already enacted the GENIUS Act, establishing federal rules for payment stablecoins.

There is no statutory link between those measures and the Common Cents Act. But the direction deserves attention.

Cash fell from 31 percent of consumer payments in 2016 to 14 percent in 2024, displaced largely by cards, mobile payments, and the growth of online commerce. Now the smallest coin is disappearing from production.

But the penny itself — or any other coin or bill — is not the problem. Uncontrolled money printing is. When the supply of money grows faster than the economy that supports it, each dollar (or coin) buys less, and prices rise.

That erosion occurred alongside decades of deficit spending. Federal debt now stands at nearly $40 trillion. And while debt alone does not determine the dollar's purchasing power, its scale illustrates the broader fiscal expansion surrounding the currency.

Ancient Rome offers an imperfect but useful comparison. Roman governments debased coins by reducing their precious-metal content. America does not do that literally. It debases purchasing power through inflation instead.

That is why the Common Cents Act carries meaning beyond its modest savings. Washington is eliminating a monetary unit that decades of inflation, fueled by disastrous policies under both major parties, have rendered uneconomical.

In other words, the penny costs too much to make because a cent now buys almost nothing. Congress bears much of the responsibility for that erosion. Yet instead of confronting the policies that diminished the dollar's purchasing power, lawmakers are simply adapting the currency to the damage already done — and still ongoing.