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STATEMENT OF DAVID HORTON, LEGAL COUNSEL,  
COMMITTEE TO RESTORE THE CONSTITUTION,  
AND THE NEVADA COMMITTEE FOR FULL  
STATEHOOD  
BEFORE THE NEVADA ASSEMBLY COMMITTEE  
ON CONSTITUTIONAL AMENDMENTS

Carson City, Nevada  
April 4, 2003

Chairman Mortenson, Members of the Committee.

Thank you for holding this hearing and giving an opportunity to express support for the Silver State Coin Bill, A.B. 532, which will help build our State.

Most taxes penalize some useful form of activity: If we build an extra bedroom on our house, our property taxes go up. If we earn a lot of income, we pay more income taxes. If we sell a lot of merchandise, the sales taxes go up. None of these activities is bad, but if we are successful in any of them, we are generally penalized for being successful, in one way or another.

That is why a non-tax source of government revenue, like the Silver State Coin Bill, is important to consider. It is a way

of increasing Nevada's revenues without penalizing useful activity--in fact, it raises revenue in a way that encourages productive activity, and performs many useful functions.

The revenue capabilities of the Silver State Coin Bill (AB 532) are felt in two areas.

First, the seigniorage, or profit, from making the coins is a tax-free source of revenue and would amount to about \$375,000,000 at present silver prices (face value of coin \$20: Less cost of production of about \$5 = \$375,000,000).

Second, by issuing coins for circulation only in this State, the exchanges supported by these coins would be Nevada exchanges, and would help develop Nevada's economy. The American monetary historian, Alexander Del Mar, calculated the velocity of circulation of money to be approximately twice per week. This works out to about 100 exchanges per year. Assuming half the coins leave the State and half the remainder produce taxable sales 50 times a year works out to be over

\$400,000,000. in added sales tax revenue. (Exhibit 1). Let's say it isn't that much. Say \$40,000,000. That's still a lot of Nevada business supported by the use of the coins. Nevada's economy can use stimulation, bringing down welfare payments by increasing employment, expanding revenues from existing sources and multiplying the use of Nevada financial resources to serve Nevada's needs.

With 6,000 people a month moving into Nevada, we need to find ways to stimulate our economy and provide them jobs; increase our capital creation capabilities to build them homes; and increase public revenues without raising taxes. A.B. 532 works toward all of these goals.

Chapter 2 from "The Emerging Struggle for State Sovereignty" the "Unites States Monetary Crisis"(Exhibit 2) quotes "Lincoln's Monetary Policy," which A.B. 532 supports, and explains why the "debt money" system of the Federal Reserve is the wrong kind of currency to service a free-

enterprise economy.

The benefits from A. B. 532 would continue in the Nevada economy until the Congress stops violating the Constitution and starts issuing the money it is directed to issue under Article I, Section 8, clause 5 of the U. S. Constitution. If the Congress continues its present course, so does Nevada, and the benefits to Nevada continue to accrue. Should the Congress wake up to its duty, and replace the debt money of the private Federal Reserve Bank with interest-free United States Notes, then a different, but still substantial, set of benefits would accrue to Nevada (and all the other States as well):

The replacement of billions of dollars of interest-bearing Federal Reserve Notes with a like amount of interest-free United States Notes will save the American economy the interest it now pays on billions dollars of currency, which must be borrowed into circulation. This unnecessary interest charge amounts to over a billion dollars a month.

These improved conditions, caused by the use of interest-

free United States Notes, will stimulate the economy of all the States, not just Nevada's. Widespread prosperity will have a further beneficial effect on Nevada gaming, mining and other industries.

The September, 1986, Bulletin of the Committee to Restore the Constitution (Exhibit 3) shows the legal basis for the Silver State Coin Bill and prior use of legislative power to fix Constitutional violations.

Basically, that basis is this: If one looks at the two constitutional provisions and assumes that the Constitutional provisions are being carried out, then, yes, Nevada would be prohibited from issuing a legal tender silver coin. But that assumption is not correct. Instead, the Constitution says one thing and the federal agencies do something else--they violate the Constitution by failing to carry it out. If they weren't violating the Constitution, there would be no Silver State Coin Bill. Far from violating the Constitution, A. B. 532 enforces the

provisions of the Constitution by correcting a violation within the boundaries of Nevada. This correction is something that Nevada not only has a right to do, but it has the duty to do.

AB 532 will do each of the following things: raise \$375,000,000 of non-tax revenue; increase sales tax revenues; improve reserves of Nevada banks; provide a source of debt-free money; stimulate Nevada's economy; build Nevada's economic autonomy; advertise our Silver State; improve the market for a Nevada product, silver, and prod Congress to correct a serious violation of the U. S. Constitution. (Exhibit 4)

Mr. Chairman, I want to thank you and the Committee for looking into this essential and beneficial proposal, and I urge your favorable consideration of AB 532.

Attached as Exhibit 5 is a proposed amendment that would further strengthen Nevada's legal position.

David Horton