

FEASIBILITY OF MINTING
GOLD AND SILVER
MEDALLIONS



Bulletin No. 87-3

LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA

August 1986

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Assembly Concurrent Resolution No. 52—Committee on Legislative Functions

FILE NUMBER 105

ASSEMBLY CONCURRENT RESOLUTION—Directing legislative commission to study feasibility of minting gold and silver medallions.

WHEREAS, The mining of gold and silver in Nevada was an important element in the development of Nevada and continues to be crucial to the economy of this state; and

WHEREAS, The romance and excitement of Nevada's history is a powerful attraction for tourists from all over the world; and

WHEREAS, The production of medallions of various sizes minted from gold and silver mined in Nevada would be a tangible and lasting symbol of Nevada's heritage; and

WHEREAS, The sale of these medallions could be beneficial to the mining and tourism business as well as to the state; now, therefore, be it

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE SENATE CONCURRING, That the legislative commission, with the cooperation of the Nevada state museum and the department of minerals, is directed to conduct a study of the feasibility of minting medallions of various sizes from gold and silver mined in Nevada; and be it further

RESOLVED, That the legislative commission submit a report of its findings and any recommended legislation, including any constitutional amendments, to the 64th session of the legislature.

REPORT OF THE LEGISLATIVE COMMISSION

TO THE MEMBERS OF THE 64TH SESSION OF THE NEVADA LEGISLATURE:

This report is submitted in compliance with Assembly Concurrent Resolution No. 52 of the 63rd session of the Nevada legislature. This resolution directs the legislative commission, with the cooperation of the department of minerals and the department of museums and history, to study the feasibility of minting medallions of various sizes from gold and silver mined in Nevada.

The legislative commission, under the auspices of the joint committee on government affairs, appointed a two-member subcommittee to conduct this study. Assemblyman Bruce R. Bogaert served as chairman of the subcommittee and Senator Kenneth K. Redelsperger was its second member and vice chairman.

In this report, the subcommittee has attempted to present its findings and recommendations in a concise form. Only that information which bears directly upon the scope of the study and its recommendations is included. All supporting documents which have not been made a part of this report, including minutes, information presented by other individuals, and other research materials, are available and on file with the research library of the legislative counsel bureau.

Thanks are extended to those persons who participated in meetings with the subcommittee, particularly those who provided written information or displayed examples of gold and silver medallions and selected coins.

This report is transmitted to the members of the 1987 legislature for their consideration and appropriate action.

Respectfully submitted,

Legislative Commission
Legislative Counsel Bureau
State of Nevada

Carson City, Nevada
August 1986

* * * * *

LEGISLATIVE COMMISSION

Assemblyman Louis W. Bergevin, Chairman
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SUMMARY OF RECOMMENDATIONS

The legislative commission's subcommittee studying the feasibility of minting gold and silver medallions recommends for the consideration of the 64th session of the Nevada legislature that:

1. Chapter 513 of Nevada Revised Statutes be amended to establish a state-operated program for the minting of gold, silver, platinum or nonprecious metal medallions and gold, silver or platinum bullion bars. (BDR 46-57)
2. Nevada Revised Statutes 235.010, "State seal and motto; penalty for unlawful use," be amended to require written permission from the governor to use The Great Seal of the State of Nevada, except for:
 - a. Official use by state agencies; and
 - b. Use on medallions and bars produced in conjunction with a minting program sponsored by the State of Nevada as approved by the executive director of the department of minerals in consultation with an advisory committee. (BDR 46-57)
3. The legislature monitor the status of the agreement between the department of museums and history and Marshall Earth Resources, Inc., for exclusive use of the Carson City, Nevada, "CC" mint mark and consider possible legislation if the agreement is terminated.
4. Nevada's sales and use tax of 1955 be amended to exempt from taxation medallions and bullion bars minted or produced through a state-operated program, if approved by the voters at the 1988 General Election. (BDR 32-54)

REPORT TO THE 64TH SESSION OF THE NEVADA LEGISLATURE
BY THE LEGISLATIVE COMMISSION'S SUBCOMMITTEE
STUDYING THE FEASIBILITY OF MINTING GOLD
AND SILVER MEDALLIONS

I. INTRODUCTION

Assembly Concurrent Resolution No. 52 of the 63rd session was approved to allow for an interim study of the feasibility of minting gold and silver medallions which could benefit Nevada's important mining and tourism industries as well as other sectors in the state. The resolution suggests that medallions would be minted in various sizes from Nevada mined gold and silver.

A. PAST PRODUCTION OF MEDALLIONS IN NEVADA

In recent years, the State of Nevada has sponsored two different programs for the minting of commemorative medallions. The first program was conducted to commemorate the 1976 National Bicentennial. The state produced 50,000 medallions, of which only 400 or so remain unsold.

The second program, initiated shortly after the end of the Bicentennial effort, was an "in-house" commemorative medallion program by the Nevada state museum. Since 1978, over 37,000 medallions have been produced through this program, which is still ongoing. Marketing of the medallions is handled directly by the Nevada state museum and does not involve sales by the private sector. The medallions have been successful on this scale and deal with topics which commemorate an event or location within the state. Medallions have been produced in bronze, copper, nickel and silver. Gold production has never been attempted due to the cost factors involved.

Nevada's department of museums and history is trying to discontinue use of the old coin press, which formerly was part of the United States Mint at Carson City. All of the gold and silver Bicentennial medallions were produced on the old press, as well as a limited number of the bronze Bicentennial medallions. Silver commemorative medallions produced by the state after 1976 also have been struck on the old coin press. Metal fatigue on the old press precludes future operations of any volume.

B. MEDALLION PROGRAMS IN CALIFORNIA AND SOUTH DAKOTA

The states of California and South Dakota have both enacted laws to establish state-sponsored medallion programs. It appears that the California program is primarily designed to enhance the state's image, while the South Dakota effort will commemorate the 100th anniversary of its statehood in 1988. Programs of this type are not designed to produce significant revenue for the state involved.

1. California

The 1982 California Legislature created a California gold medallion program through its passage of Assembly Bill No. 676 (Appendix A). This bill was sponsored by Assemblyman David G. Kelley of Hemet, California.

The bill, which became part of the California Government Code (Section 7551, et seq.), required California's Department of General Services to design a series of commemorative gold medallions. The medallions were to have been minted of California-produced gold bullion. However, this latter provision apparently was difficult to carry out. The requirement that the gold be produced in California was repealed through passage of Assembly Bill No. 1423 by the California legislature in 1983 (Appendix B).

The California law also established several other provisions, including:

- . Medallions of .999 fine gold in a series of three different sizes: 1 troy ounce, .5 troy ounce and .25 troy ounce.
- . Medallions are to bear the California Great Seal on one side and a specific design on the reverse, which will include the State Bear, date of minting, 31 stars and other features required in the law.
- . Medallions are to be minted by a registered, certified mint as contracted by the Department of General Services. The mint subsequently selected was Rarities Mint, Inc., of Anaheim, California.

The California Legislature, in 1985, passed Assembly Bill No. 398 which exempts the California gold medallion from the state sales and use tax until January 1, 1988 (Appendix C). It has been reported that this provision has stimulated sales of California's gold medallions.

In 1986, California's law was again amended at the request of Assemblyman Kelley to add an additional gold medallion size to the series. The new size authorized is .10 troy ounce with a royalty per medallion of 50 cents (Appendix D).

According to John S. Babich, deputy director of the Procurement Division of the California Department of General Services, \$49,973 in royalty fees had been paid to the state as of February 1986. A royalty fee of \$4 per troy ounce minted is assessed for the use of the state seal.

Since implementation of the act, about 12,500 troy ounces of gold have been used. The majority of the medallions have been purchased by out-of-state residents. It has been estimated that 30 to 40 percent of the medallions were purchased by California residents.

Additional information pertaining to the California gold medallion program is included in this report as Appendices E, F and G. These appendices include a sales brochure for Rarities Mint, Inc., a letter from the Department of General Services concerning medallion production and royalty revenue and a copy of the contract between Rarities Mint, Inc., and the Department of General Services.

2. South Dakota

The 1986 South Dakota Legislature enacted legislation authorizing the minting and sale of commemorative South Dakota coins. Senate Bill No. 191 (Appendix H) authorizes South Dakota's Bureau of Administration, in consultation with the State Centennial Commission, to contract for the minting of commemorative coins from gold, silver or nonprecious metals. The gold and silver coins are to be made exclusively from South Dakota produced .999 fine gold or silver. The contracted South Dakota mint has the sole responsibility for the coin distribution, marketing and sales except for those coins sold directly by the state.

South Dakota's law also gives the Bureau of Administration the authority to:

- Arrange for the production and marketing of centennial jewelry made from precious metals.
- Authorize the use of the great seal of the state for which a royalty fee will be charged.
- Conduct a contest for South Dakota artists to design one side of the centennial coin. A prize of \$1,000 may be awarded to the winner.
- Conduct annual contests for artwork for the state coin and award an annual prize of \$1,000 for the selected artwork.

The proceeds from the minting and sales of commemorative coins in South Dakota are deposited in the Commemorative Coin Fund which is dedicated to the State Centennial Heritage Center.

C. UNITED STATES GOLD BULLION COIN ACT OF 1985

The United States Congress in 1985 passed the Gold Bullion Coin Act (Appendix I). This law authorizes the minting of gold bullion coins by the Federal Government. Among other things, gold to be used must come "only from natural deposits in the United States or in a territory or possession of the United States, or from reserves of gold held by the United States."

D. ASSEMBLY BILL 692 FROM NEVADA'S 1985 LEGISLATIVE SESSION

Assembly Bill 692 was introduced in the Nevada legislature on May 17, 1985 (Appendix J). This bill would have directed the department of minerals to design and mint gold medallions from gold bullion produced in Nevada. However, due to the late introduction date and the complexity of the subject, there was insufficient time to give the bill proper consideration, therefore, no action was taken. To ensure that the merits of minting gold and silver medallions were considered, Assembly Concurrent Resolution No. 52 was passed later in the 1985 session. This resolution directs the legislative commission to study the feasibility of minting gold and silver medallions and report its findings and any recommendations to the 64th session of the legislature.

E. INTERIM STUDY BY THE LEGISLATIVE COMMISSION

The primary thrust of A.C.R. No. 52 directs the legislative commission with the cooperation of Nevada's department of museums and history and department of minerals to study the feasibility of establishing a state-authorized gold and silver medallion program. The issues that were studied by the subcommittee of the legislative commission may be summarized as follows:

- The use and authorization of The Great Seal of the State of Nevada for medallions;
- The use of the Carson City ("CC") mint mark;
- Effect of state sales and use tax on the sale of medallions;
- The exclusive use of Nevada mined gold, silver and other precious and nonprecious metals for medallion minting;

- The issuance of legal tender in Nevada;
- The establishment of a state-operated program for the minting of gold and silver medallions; and
- The benefits that might accrue to Nevada's mining industry because of a state medallion program.

F. PUBLIC MEETINGS OF THE SUBCOMMITTEE

The subcommittee appointed by the legislative commission to conduct the A.C.R. No. 52 study held two public meetings. The first meeting was held on February 26, 1986, in Carson City, Nevada, and focused on reports from the department of minerals, the department of museums and history and comments and opinions from several representatives of mining companies, mining organizations, coin minting companies and coin dealers. The second meeting and workshop was held in the legislative building in Carson City, where additional public testimony was heard and selected medallion and coin collections were displayed.

II. FEASIBILITY OF A STATE-SPONSORED MEDALLION PROGRAM IN NEVADA

A. PURPOSE OF A STATE-SPONSORED MEDALLION PROGRAM

In order to attain a proper perspective, the subcommittee identified, after receiving testimony from affected entities and the general public, two primary purposes for a state-sponsored medallion program. These primary purposes are (1) to stimulate mining in Nevada and (2) create a product which will enhance the state's tourism and public relations efforts. The program will not produce a significant amount of royalty revenue for the state. The program also should be designed to complement, and not compete with, existing private medallion programs in Nevada.

B. RESPONSE FROM PUBLIC AGENCIES

1. Department of Minerals

The executive director of Nevada's department of minerals presented the information which follows (also see Appendix K). He stated that there are at least four Nevada companies or organizations which are currently marketing silver medallions in one form or another that relate to Nevada. They are Nevada Metallurgical, Inc., Nevada Miners and Prospectors Association, Nevex Mining and the Sunshine Mining Company. There are no gold medallions currently produced in Nevada.

There are also a number of California medallions marketed in Nevada and a full range of domestic and foreign coins which may be obtained from coin dealers in the state.

Due to competition, the demand for new medallions may be limited, but any project which would put more precious metal in circulation would be beneficial to both the mining industry and the State of Nevada and should be seriously considered.

In establishing a Nevada medallion program, the state should be very careful in (1) approving certain designs and (2) reviewing the mint to do the work so that the medallion would be a quality product that is competitively priced. Two possibilities might be (1) several different types of coins with an emblem on one side and the state seal on the other side and (2) a state-approved design.

It is difficult to assess potential volume of future medallion sales, but the silver medallion should outsell the gold medallion. Copper medallions might also be considered because there is a market for them. The tourist trade would definitely be a marketing target as most people like to take mementos home with them.

The first thing to be looked at in implementing a Nevada medallion program, should be the use of existing mints, including those in California and Idaho. Some agency of the state should be responsible for the approval of the design of any medallion and a fee affixed for the use of the state seal. It should be up to the selected company to mint the medallion and handle the marketing arrangements. The state should contribute to the promotion of the medallion through advertising in publications such as the Nevada Magazine and brochures placed in casinos.

2. Department of Museums and History

The administrator of the department of museums and history presented information concerning the past production of medallions by the State of Nevada. The method and approach have been very restricted and no effort to market outside the state agencies has been made. The medallions have been successful on this scale and deal with topics which commemorate an event or location within the state. Medallions have been produced in bronze, copper, nickel and silver. Gold production has never been attempted due to the cost.

The board of museums and history, as well as the administrator of the department of museums and history, are of the opinion that the Nevada state museum is not the appropriate place to continue the actual production of medallions. However, the board would like to have input into the

medallion program. Tourists are, without question, attracted to the medallions. Nevada should produce some base metal medallions, whereby children are able to purchase a bronze medallion of the state capitol for approximately \$1.50.

The subcommittee was advised that on December 3, 1985, the department of museums and history entered into a 10-year contract with Marshall Earth Resources, Inc., for exclusive use of the "CC" mint mark symbol (Appendix L). Marshall Earth Resources, Inc., plans to build a mint facility in Carson City and use the "CC" symbol on some of its medallions. For the use of the symbol, the museum received a lump sum payment of \$25,000, and also will receive a quarterly fee of \$4,000. In addition, Marshall Earth Resources, Inc., will pay a royalty fee on each medallion bearing the "CC" symbol.

C. RESPONSE FROM THE PRIVATE SECTOR

Public testimony was taken at both subcommittee hearings. There was general support for a Nevada medallion program because it would be beneficial to the state's mining industry. There were some differences of opinion regarding how the program should operate. Most felt the state should contract for the minting of medallions and that the private mint should be responsible for minting, marketing and selling the medallions. However, the actual design used on the medallions should be determined by the state. A few persons were of the opinion that the entire program--minting, marketing and sales--should be the responsibility of the state.

Representatives from Nevada's mining industry indicated that any program which would stimulate additional mining of Nevada gold and silver would be helpful. It was reported that Nevada mines could produce enough ore to meet the needs for any proposed medallion program. Some of the mining industry representatives were officers in their respective organizations, such as the Nevada Miners and Prospectors Association and the Nevada Mining Association. These individuals indicated that members of their associations who had been questioned about a state-sponsored medallion program supported the concept. However, these associations had not taken official positions at the time of the hearings.

Coin dealers and distributors stated that Nevada medallions would not adversely impact other companies selling coins and medallions in the state. However, a good marketing program would be necessary to make the Nevada medallion program a success. One of the early decisions should be to identify the target market. If, for example, the goal is to compete

with the South African Krugerrand, Canada's Maple Leaf and the new U.S. Gold Coin, marketing and medallion design will have to be geared accordingly. If, on the other hand, the market is the Western U.S. and Nevada tourists, then an entirely different program would be required.

Whatever the market, in order to be successful Nevada medallions must be of high quality with a design that is unique to the state. The suggestion was made that using the state seal on one side would help make the medallions special. The other side could be designed through a statewide contest. An advisory committee could be appointed to approve the design and quality of minting. One design suggestion was to produce a series of ghost town medallions. Another proposal was to use base metals--brass, copper and nickel--in addition to precious metals. The medallions of base metals could be sold for substantially less than those of gold and silver, thus opening up a whole new market for potential sales.

The largest number of concerns expressed involved the state sales and use tax. Under present state laws, sales tax is charged on gold and silver medallions. This extra 5 3/4 or 6 percent makes it more difficult to sell medallions in Nevada and will be a large handicap for the proposed Nevada medallions. Some persons pointed out that California recently exempted the California gold medallion from state sales tax. The result has been an apparent increase in sales. One other concern is the markup on medallions which must be kept to a minimum to keep the Nevada program competitive.

III. OTHER ISSUES RELATED TO MEDALLIONS

A. USE OF THE NEVADA STATE SEAL

Current state law, NRS 235.010, "State seal and motto; penalty for unlawful use" (Appendix M), requires no special authorization from the governor or other state official or agency to use the state seal. The only prohibition is the use of the state seal with the intent to mislead or defraud.

B. PRODUCTION OF LEGAL TENDER

A recommendation was made to the subcommittee that the State of Nevada produce 1 ounce silver coins which could be used in the state as legal tender. Background information concerning this proposal is available for review in the research library of the Nevada legislative building in Carson City.

IV. FINDINGS - FINAL ISSUES AND RECOMMENDATIONS

A. FINDINGS

The subcommittee found that a state-sponsored medallion program in Nevada is feasible. Based on research, experience of other states and testimony received at the subcommittee's public hearings, a Nevada medallion program would be a benefit to both the state's mining and tourism industries. Revenue to the state in the form of royalty payments for the use of Nevada's state seal would be minimal.

B. FINAL ISSUES AND RECOMMENDATIONS

After its first public meeting, the subcommittee identified five issues for final consideration and possible recommendation at its concluding public meeting and workshop. These issues are described in the section which follows along with the final recommendations of the subcommittee.

Issue No. 1 - Establishment of a state-operated program for the minting of gold and silver medallions.

A state-sponsored medallion program would generate a very small amount of revenue for the state government, but gold and silver mining would be stimulated and benefits could be expected for Nevada's mining industry, general economy, tourism and public relations. The program should enhance, rather than compete with, private entities which produce medallions in Nevada.

Recommendations:

The subcommittee recommends that a bill draft request (BDR) be prepared for consideration by the next session of the legislature to establish a state-operated program for the minting of gold and silver medallions and bullion bars. The program should contain the following elements:

1. The program shall be under the direction and control of the department of minerals, in consultation with an advisory committee. The advisory committee shall consist of one member from each of the following Nevada boards or commissions: board of museums and history, commission on mineral resources and commission on tourism. The member from the commission on mineral resources will serve as chair.
2. The department of minerals may contract with a mint to produce medallions of gold, platinum, silver or non-precious metals or bars of gold, platinum or silver.

3. In the selection of contractors to mint medallions or bars, the department of minerals and the advisory committee shall consider at least the following:
 - a. Ability of contractor to provide a high-quality product; and
 - b. Ability of contractor to mint, market and distribute the product and fulfill its obligations.
4. Medallions may be produced in the following weights: 1/10, 1/4, 1/2 and 1 troy ounce. Bars may be produced in the following weights: 1, 5, 10 and 100 troy ounce.
5. The department of minerals shall conduct a contest to determine the design to appear on all medallions. Contestants must be residents of Nevada. Rules for the contest, determination of judges and selection of winners is the responsibility of the department of minerals in consultation with its advisory committee. Medallions will have The Great Seal of the State of Nevada on one side. The theme of the artwork for the other side must relate to the state. Medallion design will also include the fineness, weight and year of minting. Medallion design will remain constant except for the date and be copyrighted or legally protected. Bullion bars will also include The Great Seal of the State of Nevada.

Prizes for the contest shall be awarded and consist of at least the following:

- a. First place--first 1 ounce medallion minted;
- b. Second place--first 1/2 ounce medallion minted; and
- c. Third place--first 1/4 ounce medallion minted.

Prizes shall be formally presented and specially packaged, along with a letter of commendation containing the signature of the governor of the State of Nevada.

6. Royalties shall be charged for use of The Great Seal of the State of Nevada and any revenues gained by the program will go to support the operations of the department of minerals. Royalty amounts shall be based on royalties charged on similar items in the marketplace. (It is the intent of the subcommittee that a large royalty is not desired on bullion bar sales, but a decent royalty is desired on sales of commemorative medallions.) Royalties charged by the state must be reviewed by the department of minerals at least once every 6 months, and adjusted if necessary.

The executive director of the department of minerals shall report at least once every 6 months to the legislature, or to the interim finance committee when the legislature is not in session, concerning the amount of the royalties and comparable royalties charged on similar products from the marketplace.

7. Gold, platinum and silver products produced through the state's program must be .999 fine, and minted from minerals produced in Nevada when available. Only newly mined, domestic ore shall be used in the state's minting program. (BDR 46-57)

Issue No. 2 - Use of Nevada's Great Seal.

Nevada Revised Statutes 235.010, subsection 4. states:

Every person who maliciously or with intent to mislead or defraud uses, or allows to be used, any reproduction or facsimile of the great seal of the State of Nevada, in any matter whatsoever, shall be guilty of a misdemeanor.

Nevada's governor currently does not grant official permission to companies, organizations or persons to use the Great Seal. Governor Richard H. Bryan's official position regarding the use of the Great Seal is as follows:

I have been advised that effective April 18, 1969, any restriction on the commercial use of the Great Seal of the State of Nevada was removed by chapter 462, of the 1969 Statutes of Nevada.

Current law does not appear to require any permission from the governor, or any other state official for the use of a reproduction or a facsimile of the Great Seal. Our current law only provides that use of the Seal with intent to mislead or defraud is a criminal act.

Prior to the 1969 legislative session, the use of Nevada's great seal "for commercial purposes" also was prohibited.

Recommendation:

The subcommittee recommends that a BDR be requested to amend Nevada Revised Statutes 235.010 to require written permission from the governor to use The Great Seal of the State of Nevada, except for:

1. Official use by state agencies; and

2. Use on medallions and bars produced in conjunction with a minting program sponsored by the State of Nevada as approved by the executive director of the department of minerals in consultation with an advisory committee (see Issue No. 1). (BDR 46-57)

Issue No. 3 - Use of the "CC" Mint Mark.

From 1870 through 1893, the U.S. Government operated one of its mints in Carson City, Nevada. Coins produced were of gold and silver and ranged from dimes to \$20 gold pieces. The distinctive "CC" mint mark appears on all coins struck at the Carson City Mint during this period.

Through written agreement, Nevada's department of museums and history granted exclusive private use of the "CC" mint mark to Marshall Earth Resources, Inc., on December 3, 1985. The agreement states that this firm must have a mint in operation in Carson City by December 3, 1986. This company also was required to make an initial payment of \$25,000 to the department of museums and history, with provisions for subsequent quarterly and royalty payments. The agreement further allows the Nevada state museum to continue to use the "CC" symbol for its past, current and future medallion series and other museum-oriented projects.

Recommendation:

The subcommittee recommends that the legislature monitor the status of the agreement between the department of museums and history and Marshall Earth Resources, Inc., for the exclusive use of the Carson City, Nevada, "CC" mint mark and consider possible legislation if the agreement is terminated.

Issue No. 4 - Sales Tax on Medallions and Bullion Bars.

Current Nevada law requires that sales tax be collected on the sale of medallions and bullion bars which may subsequently be minted or produced through a state-operated program. An exemption from the sales tax would be positive from the standpoints of sales and marketing.

Recommendation:

The subcommittee recommends that a BDR be prepared which would add the exemption from Nevada's sales and use tax of 1955 for medallions and bullion bars minted or produced through a state-operated program, if approved by the voters at the 1988 General Election. If the exemption is approved by the voters, this action would also trigger exemptions from the local school support tax and the city-county relief tax for these medallions and bullion bars. (BDR 32-54)

Issue No. 5 - Production of Coins in Nevada to Serve as
Legal Tender.

A recommendation was made to the subcommittee that the State of Nevada produce 1 ounce silver coins which could be used in Nevada as legal tender. These coins would have an exchange value of \$20. Constitutional and other legal issues are involved in this proposal, and may affect its feasibility.

Recommendation:

The subcommittee made no official recommendation on this subject.

V. CREDITS

The subcommittee gratefully acknowledges the assistance and information provided by the following individuals:

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State of Nevada
Carson City, Nevada

Dan Johnson
The Silver State Mint
Las Vegas, Nevada

Frank Lewis
Officer & Member
Nevada Miners and Prospectors Association
Reno, Nevada

J. Scott Miller
Administrator
Department of Museums and History
State of Nevada
Carson City, Nevada

Marvin Otten
Sunshine Mining Company
Chino, California

Clyde Partin
Nevada Metallurgical, Inc.
Reno, Nevada

Richard L. Reyburn
Executive Director
Department of Minerals
State of Nevada
Carson City, Nevada

Merl Richards
Publisher
Nevada Prospector
Mina, Nevada

Don Schmitz
Nevada City Mint
Nevada City, California

Don Smith
Citizens for Mining
Battle Mountain, Nevada

David Solomon
South Lake Tahoe, California

John W. Whitney
Nevada Metallurgical, Inc.
Reno, Nevada

Allan R. Young
Nevada Mining Association
Sunshine Mining Company
Resident Manager
16-1 Operation
Silverpeak, Nevada

Stan Zurawski
Nevada Coin Mart
Las Vegas, Nevada

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APPENDIX A

California Gold Medallions Act
Assembly Bill No. 676

Assembly Bill No. 676

CHAPTER 826

An act to add Chapter 25 (commencing with Section 7551) to Division 7 of Title 1 of the Government Code, relating to gold medallions, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 9, 1982. Filed with Secretary of State September 10, 1982.]

LEGISLATIVE COUNSEL'S DIGEST

AB 676, Kelley. Commemorative California gold medallions.

Existing law does not provide for the issuance of commemorative gold medallions by the state and makes use of the Great Seal of the State for commercial purposes, a misdemeanor.

This bill would require the Department of General Services to cause to be designed a series of commemorative gold medallions, minted of California-produced gold bullion which must be provided by California gold producers, in 3 specified weights and bearing specified matters including the Great Seal of the State and would require the Department of General Services under specified conditions, to contract for the minting, as specified, and to charge specified royalties for the use of the Great Seal of the State of California. The producers, who would be required to pay in advance a specified fee to the department and to reimburse the department in advance for design costs, would receive the medallions after minting, and would be solely responsible for distribution, marketing, and sales.

In addition, the bill would provide that only registered, certified mints which have contracted with the department may produce the medallions and that any other production of the medallions would be unlawful and punishable as a misdemeanor.

This bill would take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Chapter 25 (commencing with Section 7551) is added to Division 7 of Title 1 of the Government Code, to read:

CHAPTER 25. COMMEMORATIVE "CALIFORNIA GOLD"
MEDALLIONS

7551. The Department of General Services shall cause to be designed a series of commemorative gold medallions minted of California-produced gold bullion in not less than 1 troy ounce, 3 troy ounce, and .25 troy ounce sizes of .999 fine gold.

7552. Each medallion shall bear:

- (a) On one side, the Great Seal of the State of California.
- (b) On the reverse side: (1) across the top, the term "California Gold;" (2) in the center, the State Bear (side view); (3) on the lower middle right side, the date; (4) on the lower middle left side, the mint mark of the certified registered mint with which the Department of General Services has contracted; (5) on the bottom left side, the size of the medallion; (6) along the bottom right side, the term ".999 fine;" and (7) along the entire outer edge, thirty-one (31) small stars.

The medallion shall have reeded or serrated edges with not less than 10 per quarter inch.

The medallions shall not be in similitude in design or size, to include diameter and thickness, to any United States or foreign coin.

7553. Upon the showing of sufficient interest by California gold producers, the department shall contract with a registered, certified mint for the minting of gold medallions in an amount and in such sizes as deemed appropriate. California gold producers shall provide all gold bullion necessary for minting and shall deliver it to the mint for processing. They shall pay in advance to the department a fee sufficient to cover all minting and handling costs; royalty fees for the use of the seal; and reimbursement costs to the department for designing the medallions.

7554. The Department of General Services shall, for the use of the Great Seal of the State of California, charge the following royalties:

- (a) For each medallion in the 1 troy ounce size, four dollars (\$4).
- (b) For each medallion in the 3 troy ounce size, two dollars (\$2).
- (c) For each medallion in the 25 troy ounce size, one dollar (\$1).

7555. After minting, the medallions shall be returned to the producers who, notwithstanding Section 402, shall have sole responsibility for distribution, marketing, and sales.

7556. Only registered, certified mints which have contracted with the department may produce the medallions, as ordered pursuant to the provisions of this chapter. Any other production of the medallions is unlawful and punishable as a misdemeanor.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide, at the earliest possible time, the additional needed state revenues which this act will generate, it is necessary that this act take effect immediately.

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APPENDIX B

California Assembly Bill No. 1423
(Removes requirement to use only California mined gold.)

Assembly Bill No. 1423

CHAPTER 583

An act to amend Sections 7551 and 7553 of the Government Code, relating to gold medallions.

[Approved by Governor August 30, 1983. Filed with Secretary of State August 31, 1983.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1423, Kelley. Commemorative California gold medallions.

Existing law requires the Department of General Services to cause to be designed a series of commemorative gold medallions minted of California-produced gold bullion of specific weight and purity.

This bill would delete the requirement that the medallions be minted of California-produced gold bullion.

Existing law requires the department to contract for the minting of gold medallions upon a sufficient showing of interest by California gold producers, and requires the California gold producers to provide all gold bullion necessary for minting.

This bill would delete the requirement that the producers be California gold producers.

The people of the State of California do enact as follows:

SECTION 1. Section 7551 of the Government Code is amended to read:

7551. The Department of General Services shall cause to be designed a series of commemorative gold medallions in not less than 1 troy ounce, .5 troy ounce, and .25 troy ounce sizes of .999 fine gold.

SEC. 2. Section 7553 of the Government Code is amended to read:

7553. Upon the showing of sufficient interest by gold producers, the department shall contract with a registered, certified mint for the minting of gold medallions in an amount and in such sizes as deemed appropriate. Gold producers shall provide all gold bullion necessary for minting and shall deliver it to the mint for processing. They shall pay in advance to the department a fee sufficient to cover all minting and handling costs; royalty fees for the use of the seal; and reimbursement costs to the department for designing the medallions.

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APPENDIX C

California Assembly Bill No. 398
(Exempts California gold medallions
from state sales tax until
January 1, 1988.)

Assembly Bill No. 398

CHAPTER 1082

An act to add and repeal Section 6354 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 27, 1985. Filed with Secretary of State September 27, 1985.]

LEGISLATIVE COUNSEL'S DIGEST

AB 398, Kelley. Sales and use taxes: gold medallions.

Existing California Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless that sale or use is exempted from that tax.

Moreover, counties, cities, and certain transit districts are authorized to impose local sales and use taxes in conformity with the state's taxes. Exemptions from state sales and use taxes enacted by the Legislature are automatically incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities, but not the transit districts, for revenue losses caused by the enactment of sales and use tax exemptions.

The existing Sales and Use Tax Law exempts from the sales and use taxes the gross receipts from the sales in bulk of certain monetized bullion, as defined.

This bill would also exempt from the sales and use taxes the gross receipts from the sales of commemorative "California Gold" medallions produced and sold in accordance with specified statutes. This exemption would remain in effect only until January 1, 1988.

This bill would also provide that no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy.

The people of the State of California do enact as follows:

SECTION 1. Section 6354 is added to the Revenue and Taxation Code, to read:

6354. There are exempted from the taxes imposed by this part, the gross receipts from the sales of commemorative "California Gold" medallions produced and sold in accordance with Chapter 25 (commencing with Section 7551) of Division 7 of Title 1 of the Government Code, and the storage, use, or other consumption in this state of commemorative "California Gold" medallions so produced and sold.

This section shall remain in effect only until January 1, 1988, and as of that date is repealed unless a later enacted statute, which is

enacted before that date deletes or extends the date.

SEC. 2. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

O

APPENDIX D

California Assembly Bill No. 2634
(Proposes to add minting of .1 troy ounce gold
state medallion and sets royalty fee.)

Compliments of
ASSEMBLYMAN DAVE KELLEY
Seventy-Third District

Assembly Bill No. 2634

CHAPTER 157

An act to amend Sections 7551 and 7554 of the Government Code, relating to gold medallions, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor June 16, 1986. Filed with
Secretary of State June 16, 1986.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2634, Kelley. Commemorative gold medallions.

Existing law requires the Department of General Services to cause to be designed, and if specified conditions are met to contract for the minting of, state medallions in 1 troy ounce size, 0.5 troy ounce size and 0.25 troy ounce size fine gold. The Department of General Services is required to charge royalties for the use of the Great Seal of the State of California in these medallions, with the amount of the royalty depending upon the size of the medallion.

This bill would, in addition, require the department to cause to be designed, and if the specified conditions referred to above are met, to contract for the minting of, a 0.1 troy ounce size fine gold state medallion. The royalty for the use of the Great Seal of the State of California for this medallion would be 50¢.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 7551 of the Government Code is amended to read:

7551. The Department of General Services shall cause to be designed a series of commemorative gold medallions in not less than 1 troy ounce, 0.5 troy ounce, 0.25 troy ounce, and 0.1 troy ounce sizes of .999 fine gold.

SEC. 2. Section 7554 of the Government Code is amended to read:

7554. The Department of General Services shall, for the use of the Great Seal of the State of California, charge the following royalties:

- (a) For each medallion in the 1 troy ounce size, four dollars (\$4).
- (b) For each medallion in the 0.5 troy ounce size, two dollars (\$2).
- (c) For each medallion in the 0.25 troy ounce size, one dollar (\$1).
- (d) For each medallion in the 0.1 troy ounce size, fifty cents (\$0.50).

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within

the meaning of Article IV of the Constitution, and shall go into immediate effect. The facts constituting the necessity are as follows:

In order to provide for production of an additional million in 1986, thereby increasing state revenue, it is essential that this act take effect immediately.

O

APPENDIX E

Rarities Mint, Inc.,
California Gold Medallion Brochure

GOLD RUSH



.999
FINE
GOLD
"NEW ISSUE"
American Gold Piece



Serially Number
1984 Proof Sets
Now Available



Rare Edition
5,000 Worldwide

(Bill: AB Kelly 676)

By an act of the California Legislature, New gold bullion medallions have been mandated. "California Gold" is minted in .999 fine gold in increments of one troy ounce, half troy ounce and quarter troy ounce. "California Gold" promises to be a major American Gold Piece that will compete favorably with the South African Krugerrand, Canadian Maple Leaf, Mexican 50 Peso and the Austrian Korona.

"California Gold" depicting the great seal of the State of California and the California brown bear is produced exclusively by Rarities Mint under contract with the State of California. It is the only major gold bullion coin to be serially numbered on the edge and also have a Certificate of Assay. The serial number gives positive identification in case of loss, theft or counterfeit.

"California Gold" will sell for a small premium over the world gold market price. A two way market for sale and buy back will be supported by Rarities Mint and other major bullion retail-wholesalers worldwide.

Join the Gold Rush! Invest in your future and America's. Buy "California Gold."

Space Shuttle Silver Proof Sets Now Available

Call CA. 800-641-9585. U.S.A. 800-641-9586. Rarities Mint, Inc.

Rarities Mint
2550 Miraloma Way
Anaheim, CA 92807

APPENDIX F

Letter, dated February 19, 1986, to Robert E. Erickson,
research director, Legislative Counsel Bureau, from
John S. Babich, deputy director, California
Department of General Services, Procurement
Division, concerning number of California
gold medallions stamped and royalties
paid for use of state seal.

DEPARTMENT OF GENERAL SERVICES

P. O. BOX 1612
SACRAMENTO, 95807



February 19, 1986

Robert Erickson
Research Director
Legislative Counsel Bureau
Legislative Building
Capitol Complex
Carson City, NV 89710

Dear Mr. Erickson:

Per your recent request, I am enclosing a copy of the contract between the California Department of General Services and Rarities Mint, Incorporated, for the production of California Gold medallions.

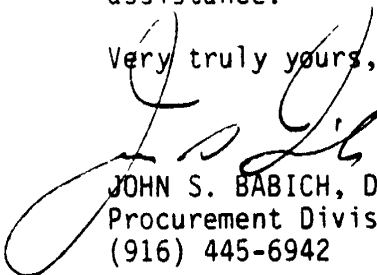
Rarities has minted approximately 3800 proofsets, consisting of 1 each of the 1 ounce, $\frac{1}{2}$ ounce, and $\frac{1}{4}$ ounce medallions. They have also minted bullion in the following sizes and approximate quantities:

1 troy ounce - 4600 medallions
 $\frac{1}{2}$ troy ounce - 1550 medallions
 $\frac{1}{4}$ troy ounce - 2100 medallions

To date, we have received \$49,973 in royalties, paid at \$4 per troy ounce minted, for use of the State Seal.

Please contact me if we can provide you with further information or assistance.

Very truly yours,


JOHN S. BABICH, Deputy Director
Procurement Division
(916) 445-6942

JSB:JG:ks

Enclosure

cc: A. Torlai

APPENDIX G

California Contract with Rarities Mint, Inc.,
to produce, market and sell
California Gold Medallions.

CONTRACT TRANSMITTAL AND PRE-EVALUATION

5 (REV. 1/83)

DEPARTMENT TRANSMITTING CONTRACT	
DEPARTMENT OF GENERAL SERVICES	
DIVISION, BUREAU, OR OTHER UNIT	
Office of Procurement	
DATE	CONTRACT NUMBER
May 10, 1984	

PLEASE NOTE: ITEMS 1 THROUGH 10 ON THE FRONT SIDE OF THIS FORM MUST BE COMPLETED FOR EVERY CONTRACT REGARDLESS OF CONTRACT AMOUNT. WHETHER THE CONTRACT MUST BE SUBMITTED TO THE DEPARTMENT OF GENERAL SERVICES FOR REVIEW IN ADDITION ITEMS 1 THROUGH 6 ON THE REVERSE SIDE MUST BE COMPLETED FOR ALL CONTRACTS FOR SERVICES. A COPY OF THE COMPLETED FORM MUST ACCOMPANY EACH CONTRACT SUBMITTED TO GENERAL SERVICES FOR REVIEW. A COPY OF THE COMPLETED FORM MUST BE RETAINED IN AGENCY FILES FOR 3 YEARS FROM DATE CONTRACT WAS EXECUTED.

1 NAME OF CONTRACTOR	2 CONTRACTOR ID NUMBER (IF REQUIRED BY S.A.M. SECTION 124.8)
RARITIES MINT, INCORPORATED	

3 DIGEST OF CONTRACT (WORK TO BE PERFORMED, AMOUNT TO BE PAID, TERM). INCLUDE ANY SPECIAL OR UNUSUAL TERMS AND CONDITIONS

Contractor is authorized to mint and market California Gold Medallions pursuant to Government Code Sections 7551 through 7556. Contract will also provide minting services for other gold producers upon request by the Department, not to exceed \$500 in charges to Department. Department to be paid royalties in advance of production of \$4.00 per one troy ounce medallion, \$2.00 per .5 troy ounce medallion, and \$1.00 per .25 troy ounce medallion.

4 REASON FOR CONTRACT (IDENTIFY SPECIFIC PROBLEM, ADMINISTRATIVE REQUIREMENT, PROGRAM NEED OR OTHER CIRCUMSTANCE MAKING THE CONTRACT NECESSARY)

Contract authorized per above referenced statute.

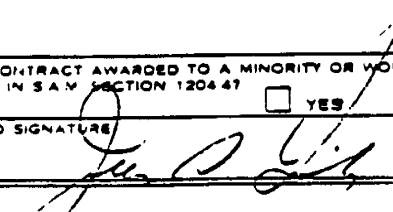
5 IS THIS A RENEWAL OF A PREVIOUS CONTRACT OR SERVICE? YES NO

SUMMARY OF BIDS. A. LIST BIDDERS AND AMOUNTS BID

B. EXPLAIN:

1. AWARD OF CONTRACT IF TO OTHER THAN LOW BIDDER
2. IF SOLE SOURCE WHAT IS JUSTIFICATION?
3. IF ONLY ONE BID WAS RECEIVED OR SOLE SOURCE, BASIS FOR CONCLUDING REASONABLENESS OF CONTRACT RATE OR PRICE

Bidding not required. The amount of the royalties to be paid to the State are prescribed by statute.

6 WAS THIS CONTRACT AWARDED TO A MINORITY OR WOMAN-OWNED BUSINESS AS DEFINED IN S.A.M. SECTION 1204.4? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	7 WAS THIS CONTRACT AWARDED TO A SMALL BUSINESS AS DEFINED IN S.A.M. SECTION 1204.1? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
AUTHORIZED SIGNATURE	10 NAME AND TITLE
	JOHN S. BABICH, DEPUTY DIRECTOR

AGREEMENT

THIS AGREEMENT, dated for convenient reference, and to establish the beginning of the term hereof, the 10th day of May 1984, but actually signed on the dates shown below the signature lines at the end hereof, between RARITIES MINT, INC., a California corporation located and having its production and principal office facilities in Anaheim, California ("Rarities" or "Contractor") and the DEPARTMENT OF GENERAL SERVICES OF THE STATE OF CALIFORNIA (the "Department" or "State").

WHEREAS Sections 7551 to 7556 of the California Government Code (the "Statute") provides that the Department shall cause to be designed, manufactured and marketed a series of commemorative .999 fine gold medallions bearing, among other things, the Great Seal of the State of California; and

WHEREAS the Statute provides that it is to be implemented upon the showing of sufficient interest by gold producers, and that upon such showing the Department is to contract with a registered certified mint for the minting of gold medallions in an amount and in such sizes as deemed appropriate; and

WHEREAS the Statute further provides that the gold producer shall provide all gold bullion necessary for minting; shall deliver it to the mint for processing; shall pay for all minting and handling costs, the cost of designing the medallions, and royalty fees as provided for in the Statute for the use of the Great Seal; and shall be responsible for distribution, marketing and sales; and

WHEREAS the Statute was enacted as an urgency measure necessary for the immediate preservation of the public peace, health or safety within the meaning of Article IV of the Constitution, in order to provide, at the earliest possible time, additional state revenues; and

WHEREAS Rarities is a producer of .999 fine gold bullion, which has expressed strong interest in undertaking the project contemplated by the Statute, and which represents that it has the capability to undertake all of the functions provided for by the Statute, including gold bullion production, medallion designing, die manufacturing, minting, distribution, marketing and sales; and

WHEREAS in order to assure that effective marketing efforts will be made, to maximize revenues to the state, to eliminate the possibility of liability to the state, to assure uniform minting standards, and to minimize the Department's administrative and auditing responsibilities and expenses in relation to the program, the Department has determined that it is in the best interest of the state that a contract be entered into with Rarities to implement the Statute;

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties agree as follows:

(1) The Department shall, with the assistance of Rarities, cause to be designed a series of commemorative gold medallions in not less than 1 troy ounce, .5 troy ounce, and .25 troy ounce sizes of .999 fine gold. Rarities shall be responsible for producing all the necessary design work and shall submit the same to the Department for review and approval.

(2) The medallions shall meet the following specifications:

(a) On one side, they shall bear the Great Seal of the State of California.

(b) On the reverse side, they shall bear: (1) across the top, the term "California Gold"; (2) in the center, the State Bear (side view); (3) on the lower middle right side, the date; (4) on the lower middle left side, the mint mark of Rarities; (5) on the bottom left side, the size of the medallion; (6) along the bottom right side, the term ".999 fine"; and (7) along the entire outer edge, thirty-one small stars.

(c) The medallions shall have reeded or serrated edges with not less than 10 per quarter inch.

(d) The medallions shall not be in similitude in design or size, to include diameter and thickness, to any United States or foreign coin.

(e) The medallions shall be numbered serially on the edges.

(3) Rarities shall have the exclusive right to mint the medallions during the term of this Agreement.

(4) Rarities as a producer of .999 fine gold shall provide, at its sole cost, all gold bullion necessary for minting and shall deliver it to its mint for processing. Rarities shall bear all minting and handling costs and all costs for designing the medallions.

Rarities shall upon request by the Department accept gold bullion from other gold producers for the minting of gold medallions. The Department shall pursuant to such requests pay Rarities a minting or service charge of \$22.00 per 1 troy ounce medallion, \$17.50 per .5 troy ounce medallion, and \$12.75 per .25 ounce medallion. Such charge may be increased by amendment at any time after the first year of this agreement to the extent that Rarities can objectively demonstrate, with documentation, an increase in its production costs.

(5) Rarities shall pay to the Department for the use of the Great Seal of the State of California the following royalties:

(a) For each medallion in the 1 troy ounce size, four dollars (\$4).

(b) For each medallion in the .5 troy ounce size, two dollars (\$2).

(c) For each medallion in the .25 troy ounce size, one dollar (\$1).

Such royalties shall be paid to the Department in advance of the minting and sale of the medallions based upon production schedules determined by Rarities and submitted to the Department. Production schedules shall be submitted to the Department not less frequently than monthly and shall be accompanied by Rarities checks in the amount of the royalty payments based on the scheduled production and the foregoing schedule of royalty rates.

(6) (a) Within thirty (30) days following the initial minting of gold medallions, and on the 15th day of each successive calendar month during 1984, and on the 15th day following each successive fourth month thereafter, Rarities shall furnish to the Department complete and accurate statements, showing the number of medallions actually minted, including sizes and serial numbers.

(b) Rarities shall furnish to the Department separate statements in the manner specified in subparagraph (a) above for any gold medallion minted for other gold producers as provided for per paragraph (4) of this agreement.

(c) Rarities shall within thirty days of the first twelfth (12th) month of this agreement, and within thirty (30) days following each successive twelfth (12th) month thereafter during the term of this agreement, furnish to the Department a complete and accurate statement showing the sales, other dispositions, or inventories of medallions minted by Rarities, except for medallions minted for other gold producers. With respect to any sales of medallions made by Rarities, the statement shall show the applicable sales prices.

(d) Receipt or acceptance by the Department of any of the statements or production schedules furnished by Rarities pursuant to this agreement, or of any sums paid hereunder, shall not preclude the Department from questioning the correctness thereof at any time and, in the event any errors or mistakes are discovered in such statements or payments, they shall be immediately rectified and appropriate payments made by Rarities based upon the number and sizes of the medallions actually minted.

(7) (a) Rarities shall keep complete and accurate records of the medallions actually minted which shall include sizes, serial numbers, and sales information. The sales information to be maintained shall be the same as is regularly maintained by Rarities with respect to other products regularly or customarily marketed by Rarities.

(b) Rarities agrees to permit the employees or agents of the Department, designated by the Department as auditors or inspectors, access at all reasonable times to all information, records, and to the premises and minting facilities of Rarities, and to furnish as samples up to three medallions of varying size and kind which may be selected at random by such auditors or inspectors. The Department's auditors or inspectors shall provide Rarities with a written and signed receipt for any samples obtained and the Department shall return the samples to Rarities within five (5) calendar days.

(c) Rarities shall make available office space, if possible, or other reasonable space at its premises for the purpose of conducting audits or inspections pursuant to the access provided for in this paragraph (7), and at no cost or charge to the Department.

(8) After minting, notwithstanding the provisions of Section 402 of the Government Code, Rarities shall have sole responsibility, at its sole cost, for distribution, marketing and sales. Rarities shall have sole responsibility for determining the prices for which, and the terms and conditions on which, the medallions are to be sold. The provisions of this paragraph shall not be applicable to medallions minted by Rarities for other gold producers pursuant to paragraph (4).

(9) Rarities shall, at its sole cost, conduct an aggressive national advertising program throughout the term hereof, in advertising media of Rarities choice, for the purpose of maximizing sales of the medallions, and shall otherwise use its best efforts to maximize such sales. In such advertising Rarities may represent that it is authorized to mint the California Gold Medallion pursuant to an exclusive contract with the State of California. All advertising must be submitted to the Department prior to publication or the making of any other publicly disseminated statements respecting the State of California or the California Gold Medallion Program inclusive of this agreement. Rarities agrees that it will not represent itself as authorized to speak for or on behalf of the Department or the State with respect to the California Gold Medallion Program or otherwise.

(10) Rarities shall, at its sole cost, supply the engravings of or the dies to be used in minting the medallions. Rarities shall within thirty (30) days of the expiration or termination of this agreement deliver to the Department all dies, engravings, masters, templates, and any other similar items,

which remain capable of being used for the minting of medallions or for other reproductions of the Great Seal of the State of California. For a period of five (5) years following the expiration or termination of the agreement, Rarities shall have the right to sell any of such items to purchasers who propose to use such items for legally valid purposes. Any contract for such sale shall be subject to written approval by the Department to insure that the terms of the contract protect the interests of the State of California.

(11) The term of this Agreement shall be five years from the date hereof.

(12) Rarities shall not transfer, whether by way of assignment, license, sublicense, pledge, hypothecation or otherwise, the interest of Rarities in or the rights of Rarities under this Agreement, or in any portion thereof without the written consent of State first had and obtained, such consent not to be unreasonably withheld. Any such attempted transfer shall not be effective to impose any duty on State to any such purported transferee and any such attempted transfer to which State does not consent, in writing, shall be deemed a substantial and material breach of the obligations of Rarities hereunder, entitling State, at its election, to render this agreement null and void. If Rarities is a corporation, any transfer of ownership of the corporation (except by reason of death), which changes the ownership of more than fifty percent (50%) of the corporation as it has been represented by Rarities on the date hereof, shall be deemed an attempted transfer prohibited hereby. If there shall be more than one transfer of ownership, if the aggregate of all such transfers shall be more than said percentage, such transfers shall be deemed an attempted transfer prohibited hereby. Underwritten public offerings of Rarities securities, whether primary or secondary, which do not result in any change in management control, shall not be deemed to be transfers of ownership within the meaning of this paragraph.

(13) Subject to the foregoing provisions in Paragraph (12) above with respect to assignment, this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

(14) Rarities agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Rarities in the performance of this agreement.

(15) Rarities and the agents and employees of Rarities in

the performance of this agreement, shall act in an independent capacity and not as officers or employees or agents of the State of California.

(16) The State may terminate this agreement and be relieved of the payment of any consideration to Rarities should Rarities fail to perform the covenants herein contained at the time and in the manner herein provided.

(17) No alteration or variation of the terms of this contract shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

(18) (a) During the performance of this contract, the recipient, contractor, and its subcontractors shall not deny the contract's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, status, age or sex. Contractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

(b) Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.) the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the awarding State agency to implement such article.

(c) Recipient, contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

(d) The Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

(19) The Contractor, by signing this Agreement, swears under penalty of perjury that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against the Contractor within the immediately preceding two-year period because of the Contractor's failure to comply with an order of the National Labor Relations Board.

(20) The prospective contractor's signature affixed hereon and dated shall constitute a certification under the penalty of perjury under the laws of the State of California that a bidder

has, unless exempted, complied with the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Administrative Code, Section 8103.

(21) The maximum amount payable by the Department to Rarities for minting services provided to gold producers other than Rarities pursuant to this agreement shall be five hundred dollars (\$500.00). To the extent that minting services may be requested by such other gold producers beyond that amount, Rarities shall have no obligation to provide such services unless this agreement is amended to provide otherwise.

IN WITNESS WHEREOF the parties have executed this Agreement by their officers thereunto duly authorized as of the dates shown below.

RARITIES MINT, INC.

DEPARTMENT OF GENERAL SERVICES
OF THE STATE OF CALIFORNIA

By

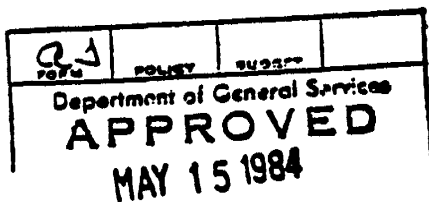
Ian S. Simpson
Ian S. Simpson
President

By

[Signature]
Its *Deputy Director*

Date: *5/4/84*

Date *May 15 1984*



STATE AGENCY
 DEPT. OF GEN. S
 CONTROLLED

THIS AGREEMENT, made and entered into this 4 day of May, 19 84, in the State of California, by and between State of California, through its duly elected or appointed, qualified and acting

TITLE OF OFFICER ACTING FOR STATE Deputy Director	AGENCY Department of General Services Office of Procurement	NUMBER PC6-3113
--	--	--------------------

hereafter called the State, and

RARITIES MINT, INC.

hereafter called the Contractor.

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:

(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

REFER TO ATTACHED AGREEMENT

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA	CONTRACTOR
AGENCY Department of General Services Office of Procurement	CONTRACTOR (IF OTHER THAN AN INDIVIDUAL, STATE WHETHER A CORPORATE PARTNERSHIP, ETC.) Rarities Mint, Inc.
BY (AUTHORIZED SIGNATURE)	BY (AUTHORIZED SIGNATURE)
TITLE Deputy Director	TITLE President
	ADDRESS (Refer to attached agreement)

(CONTINUED ON _____ SHEETS, EACH BEARING NAME OF CONTRACTOR) Department of General Services Use ONLY	AMOUNT ENCUMBERED	APPROPRIATION	FUND		
	\$ 500.00	Support	Service Revolving		
	UNENCUMBERED BALANCE	ITEM	CHAPTER	STATUTES	FISCAL YEAR
	\$	1760-001-665	324	83	1983-84
	ADJ. INCREASING ENCUMBERANCE	FUNCTION			
\$					
ADJ. DECREASING ENCUMBERANCE	LINE ITEM ALLOTMENT				
\$	1. 5. 02. 2. 22. 01				
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.			T.S.A. NO.	S.R. NO.	
SIGNATURE OF ACCOUNTING OFFICER			DATE		
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201 have been complied with and this document is exempt from review by the Department of Finance.			5/9/84		
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY			DATE		
(Signature)			5/15/84		

APPENDIX H

South Dakota Commemorative Coin Act
Senate Bill No. 191
1986 Legislative Session

State of South Dakota

SIXTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 1986

Assigned to Committee on:			
Senate _____			
Committee Report:			
____ De Pass ____ Amend ____ Table			
Legislative Action on Amendments:			
____ Adopted ____ Not Adopted			
Second Reading and Final Passage:			
____ Pass ____ Fail			
HOUSE	H.J. Page	Aye	 Nay
Assigned to Committee on:			
House _____			
Committee Report:			
____ De Pass ____ Amend ____ Table			
Legislative Action on Amendments:			
____ Adopted ____ Not Adopted			
Second Reading and Final Passage:			
____ Pass ____ Fail			

400K573

SENATE BILL NO. 191

Introduced by: Senators J.B. Dunn, Burg, Harding, McClure, McKellips and Shanard and Representatives Don Ham, Debra Anderson, Freichs, Heidepriem, Herseeth, Hood, Knute Knudson, Krautschun, Lammers, Miller and Volesky

1 FOR AN ACT ENTITLED, An Act to provide for the minting and sale of
2 commemorative South Dakota coins, to make an appropriation there-
3 for and to declare an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. The bureau of administration, in consultation with the
6 state centennial commission created by executive order 85-07, may con-
7 tract or otherwise arrange for the minting of South Dakota commemora-
8 tive coins in amounts and sizes it considers appropriate. Commemora-
9 tive coins shall be minted in South Dakota of South Dakota produced
10 gold or silver bullion or other nonprecious metals. The bureau may al-
11 so arrange for the production and marketing of centennial jewelry made
12 of precious metals.

13 Section 2. The bureau of administration may authorize the use of
14 the great seal of the state of South Dakota on commemorative coins and
15 shall charge royalty fees for use of the name and seal of the state.

16 Section 3. Except for coins sold directly by the state of South
17 Dakota, the contracted mint shall have sole responsibility for distri-

Insertions into existing statutes are indicated by underscores.
Deletions from existing statutes are indicated by ~~overstrikes~~.

1 bution, marketing and sales.

2 Section 4. Coins of gold and silver shall be made exclusively from
3 South Dakota produced .999 fine gold or silver.

4 Section 5. Only mints which have contracted with the bureau of ad-
5 ministration may produce the coins. Any other production of such coins
6 is a Class 2 misdemeanor.

7 Section 6. The bureau of administration may conduct a contest for
8 the design of one side of the state centennial coin and may award one
9 thousand dollars to the selected artist for his design. The bureau may
10 conduct annual contests for artwork for the state coin and may award
11 an annual prize of one thousand dollars for the selected artwork to be
12 paid from dedicated royalty proceeds deposited in the commemorative
13 coin fund. For any design selected, the state of South Dakota shall
14 retain exclusive rights. Only designs by South Dakota artists are eli-
15 gible for consideration.

16 Section 7. Proceeds from the minting and selling of commemorative
17 coins shall be placed in the commemorative coin fund which is hereby
18 created and dedicated to the state centennial heritage center.

19 Section 8. There is hereby appropriated out of any money in the
20 general fund, not otherwise appropriated, the sum of one thousand dol-
21 lars (\$1,000), or so much thereof as may be necessary, to the bureau
22 of administration to be expended for the initial cash prize for the
23 commemorative coin.

24 Section 9. The bureau of administration may accept and expend for
25 the purpose of this Act, in addition to the amount in section 8 of
26 this Act, any funds obtained from federal sources, gifts, contribu-
27 tions or any other source if such acceptance and expenditure is ap-
28 proved in accordance with § 4-8B-10.

-3-

1 Section 10. Expenditures authorized by this Act shall be paid on
2 warrants drawn by the state auditor on vouchers approved by the com-
3 missioner of the bureau of administration.

4 Section 11. Whereas, this Act is necessary for the support of the
5 state government and its existing public institutions, an emergency is
6 hereby declared to exist, and this Act shall be in full force and ef-
7 fect from and after its passage and approval.

FLOOR REMARKS

SB-191

SOUTH DAKOTA WILL BE 100 YEARS OLD ON NOVEMBER 2, 1989.

SB191 AUTHORIZES THE STATE OF SOUTH DAKOTA TO MINT A STATE CENTENNIAL COIN OF GOLD, SILVER, AND OTHER NONPRECIOUS METALS. IT ALSO AUTHORIZES AN ONGOING STATE COIN PROGRAM.

SOUTH DAKOTA IS THE ONLY STATE IN THE UNION THAT CAN CREATE A TOTALLY STATE-MINED AND MINTED COIN OF PRECIOUS METAL. SOUTH DAKOTA IS THE HOME OF THE HOMESTAKE GOLD MINE, THE LARGEST PRODUCING GOLD MINE IN NORTH AMERICA, ALONG WITH OTHER SMALLER MINES. IN ADDITION, SOUTH DAKOTA HAS THE CAPABILITY OF HAVING ITS COINS MINTED IN-STATE.

THE CALIFORNIA LEGISLATURE AUTHORIZED A CALIFORNIA GOLD COIN TWO YEARS AGO. HOWEVER, CALIFORNIA DOES NOT PRODUCE ENOUGH GOLD TO MINT A COIN OF TOTALLY CALIFORNIA-PRODUCED GOLD. THEY HAVE TO IMPORT GOLD.

SB191 HAS SEVERAL BENEFITS FOR SOUTH DAKOTA:

- 1) IT WILL PROMOTE THE STATE OF SOUTH DAKOTA NATIONALLY SINCE SOUTH DAKOTA WILL HAVE THE UNIQUE DISTINCTION OF BEING THE ONLY STATE WHICH CAN MINE AND MINT ITS OWN COIN.
- 2) IT WILL GENERATE ROYALTY REVENUE FROM THE SALE OF EACH COIN.

- 3) IT WILL COMMEMORATE THE STATE'S CENTENNIAL. COINS WILL BE MINTED IN VARIOUS SIZES AND VARIOUS PRECIOUS METALS AND NONPRECIOUS METALS SO THAT THEY WILL APPEAL TO COLLECTORS, INVESTORS, AND THE AVERAGE CITIZEN.

MECHANICS OF THE BILL:

- 1) AUTHORIZES THE STATE TO MINT THE COINS.
- 2) ALLOWS THE STATE TO CHARGE A ROYALTY. THE ROYALTY WILL BE NEGOTIATED TO THE BEST BENEFIT OF THE STATE.
- 3) ALLOWS THE USE OF THE STATE SEAL ON ONE SIDE OF THE COIN.
- 4) PROVIDES A \$1,000 PRIZE FOR ARTISTS TO COMPETE FOR THE DESIGN OF THE OTHER SIDE OF THE COIN.
- 5) PROVIDES FOR DEPOSIT OF THE REVENUE TO THE STATE COIN FUND. THE FUND IS DEDICATED TO HELP FUND THE STATE CENTENNIAL CULTURAL HERITAGE BUILDING.

APPENDIX I

United States Congress - Gold Bullion Coin Act of 1985
Senate Bill No. S.1752
99th Congress

Calendar No. 342

99TH CONGRESS
1ST SESSION**S. 1752**

To authorize the minting of gold bullion coins, and to award special congressional gold medals to Jan Scruggs, Robert Doubek, and Jack Wheeler.

 IN THE SENATE OF THE UNITED STATES

OCTOBER 9 (legislative day, SEPTEMBER 30), 1985

Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

A BILL

To authorize the minting of gold bullion coins, and to award special congressional gold medals to Jan Scruggs, Robert Doubek, and Jack Wheeler.

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

3 **TITLE I—GOLD COINS**

4 **SHORT TITLE**

5 **SEC. 101.** This title may be cited as the "Gold Bullion
6 Coin Act of 1985".

1 MINTING GOLD BULLION COINS

2 SEC. 102. (a) Section 5112(a) of title 31, United States
3 Code, is amended by adding at the end thereof the following
4 new paragraphs:

5 “(7) A fifty dollar gold coin that is 32.7 millime-
6 ters in diameter, weighs 33.931 grams, and contains
7 one troy ounce of fine gold.

8 “(8) A twenty-five dollar gold coin that is 27.0
9 millimeters in diameter, weighs 16.966 grams, and
10 contains one-half troy ounce of fine gold.

11 “(9) A ten dollar gold coin that is 22.0 millime-
12 ters in diameter, weighs 8.483 grams, and contains
13 one-fourth troy ounce of fine gold.

14 “(10) A five dollar gold coin that is 16.5 millime-
15 ters in diameter, weighs 3.393 grams, and contains
16 one-tenth troy ounce of fine gold.”.

17 (b) Section 5112 of title 31, United States Code, is
18 amended by adding at the end thereof the following new sub-
19 section:

20 “(i)(1) Notwithstanding section 5111(a)(1) of this title,
21 the Secretary shall mint and issue the gold coins described in
22 paragraphs (7), (8), (9), and (10) of subsection (a) of this sec-
23 tion, in quantities sufficient to meet public demand, and such
24 gold coins shall—

1 “(A) have a design determined by the Secretary,
2 except that the fifty dollar gold coin shall have—

3 “(i) on the obverse side, a design symbolic of
4 Liberty; and

5 “(ii) on the reverse side, a design represent-
6 ing a family of eagles, with the male carrying an
7 olive branch and flying above a nest containing a
8 female eagle and hatchlings;

9 “(B) have inscriptions of the denomination, the
10 weight of the fine gold content, the year of minting or
11 issuance, and the words ‘Liberty’, ‘In God We Trust’,
12 ‘United States of America’, and ‘E Pluribus Unum’;
13 and

14 “(C) have reeded edges.

15 “(2)(A) The Secretary shall sell the coins minted under
16 this subsection to the public at a price equal to the market
17 value of the bullion at the time of sale, plus the cost of mint-
18 ing, marketing, and distributing such coins (including labor,
19 materials, dies, use of machinery, and promotional and over-
20 head expenses).

21 “(B) The Secretary shall make bulk sales of the coins
22 minted under this subsection at a reasonable discount.

23 “(3) For purposes of section 5132(a)(1) of this title, all
24 coins minted under this subsection shall be considered to be
25 numismatic items.”.

1 (c) Section 5116(a)(2) of title 31, United States Code, is
2 amended by inserting after the first sentence the following
3 new sentence: "The Secretary shall acquire the gold for the
4 coins issued under section 5112(i) of this title by purchase
5 only from natural deposits in the United States or in a terri-
6 tory or possession of the United States, or from reserves of
7 gold held by the United States."

8 (d) Section 5118(b) of title 31, United States Code, is
9 amended—

10 (1) in the first sentence, by striking out "or deliv-
11 er"; and

12 (2) in the second sentence, by inserting "(other
13 than gold and silver coins)" before "that may be law-
14 fully held".

15 (e) The third sentence of section 5132(a)(1) of title 31,
16 United States Code, is amended by striking out "minted
17 under section 5112(a) of this title" and inserting in lieu there-
18 of "minted under paragraphs (1) through (6) of section
19 5112(a) of this title".

20 (f) Notwithstanding any other provision of law, an
21 amount equal to the amount by which the proceeds from the
22 sale of the coins issued under section 5112(i) of title 31,
23 United States Code, exceed the sum of—

24 (1) the cost of minting, marketing, and distributing
25 such coins, and

1 Americans the Memorial expresses a spirit of reconciliation
2 that preserves us as a Nation.

3 (2) For the purpose of this section, the Secretary of the
4 Treasury is authorized and directed to cause to be struck
5 three gold medals with suitable emblems, devices, and in-
6 scriptions to be determined by the Secretary of the Treasury.
7 There is authorized to be appropriated not to exceed \$25,000
8 to carry out the provisions of this subsection.

9 (b) The Secretary of the Treasury may cause duplicates
10 in bronze of such medal to be coined and sold under such
11 regulations as he may prescribe, at a price sufficient to cover
12 the cost thereof, including labor, materials, dies, use of ma-
13 chinery, overhead expenses, and the gold medal. The appro-
14 priation made to carry out the provisions of subsection (a)
15 shall be reimbursed out of the proceeds of such sales.

Calendar No. 342

99TH CONGRESS
1ST SESSION

S. 1752

A BILL

To authorize the minting of gold bullion coins, and to award special congressional gold medals to Jan Scruggs, Robert Doubek, and Jack Wheeler.

OCTOBER 9 (legislative day, SEPTEMBER 30), 1985

Read twice and placed on the calendar

APPENDIX J

Nevada Assembly Bill No. 692
63rd Session
1985

ASSEMBLY BILL No. 692—ASSEMBLYMEN BOGAERT, O'DONNELL,
SCHOFIELD, RADER, THOMAS AND GETTO

MAY 17, 1985

Referred to Committee on Government Affairs

SUMMARY—Authorizes production of gold medallions. (BDR 46-1667)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to gold medallions; authorizing their production; prohibiting unauthorized production; providing a penalty; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 Section 1. Chapter 513 of NRS is hereby amended by adding
2 thereto a new section to read as follows:
3 1. *The department shall cause to be designed a gold medallion to be*
4 *minted of gold bullion produced in Nevada. The medallions must:*
5 (a) *Be minted in sizes of 1 troy ounce, .5 troy ounce and .25 troy*
6 *ounce of .999 fine gold;*
7 (b) *Contain, on one side, The Great Seal of the State of Nevada; and*
8 (c) *Not be the same size or design of any coin of the United States or*
9 *another country.*
10 2. *The department shall contract with a qualified mint for the mint-*
11 *ing of the medallions. Producers of gold in Nevada who desire to sell*
12 *the medallions shall deliver the necessary gold to the designated mint.*
13 *After the medallions are minted, they must be returned to the producer*
14 *of the gold who is solely responsible for the distribution and sale of the*
15 *medallions.*
16 3. *The department shall charge a fee:*
17 (a) *To cover the cost of designing the medallion; and*
18 (b) *For the use of The Great Seal of the State of Nevada, which may*
19 *be no more than:*
20 (1) *Four dollars for each medallion of 1 troy ounce;*
21 (2) *Two dollars for each medallion of .5 troy ounce; and*

- 1 *(3) One dollar for each medallion of .25 troy ounce.*
- 2 *4. Only mints which have contracted with the department may pro-*
- 3 *duce the medallions. Any violation of this subsection is a misdemeanor.*



APPENDIX K

"Preliminary Report on the Feasibility of Minting Gold
and Silver Medallions Using the Great Seal of Nevada,"
dated January 9, 1986, from Richard L. Reyburn,
executive director, Department of Minerals



DEPARTMENT OF MINERALS

400 W. King Street, Suite 106
Carson City, Nevada 89710
(702) 885-5050

January 9, 1986

M E M O R A N D U M

TO: Assemblyman Bruce Bogaert
FROM: Rich Reyburn, *NR*
SUBJECT: Preliminary Report on the Feasibility of Minting Gold and Silver Medallions Using the Great Seal of Nevada

-
- Currently Nevada reserves the right to use the state's seal unless permission is granted by the Governor through written proclamation. Four of the twelve other western states also allow the unofficial use of the Great Seals when permission is obtained from the Lt. Governor or, in some cases, the Secretary of State.

The Idaho seal may be used without permission.

In the remaining seven western states, including California, the Great Seals may be used only by state agencies for official purposes.

In 1982 the California legislature enacted a bill which provides for the Department of General Services to contract for the minting of gold medallions using the California Seal and charging producers for its use as well as minting and design costs. Marketing is the responsibility of the producers. AB692 of the 63rd Session of the Nevada Legislature was patterned after the California bill.

The U.S. Congress recently passed, and the President signed, the Gold Coin Bullion Act which authorizes the minting of gold coins in \$5, \$10, \$25 and \$50 denominations. These coins would respectively contain 1/10, 1/4, 1/2 and one troy ounce of newly mined, domestically produced gold and would sell for market price plus the cost of minting, marketing and distributing. Congress has also enacted a bill authorizing the minting of 500,000 commemorative "Statue of Liberty" \$5 gold coins. It is against federal law to mint coins without specific authorization.

There are at least four Nevada companies or organizations currently marketing silver medallions relating to Nevada.

Sunshine Mining Company (16 to 1 underground silver mine at Silver Peak) produces a .999, one troy ounce Sunshine silver medallion and has obtained approval to use the Great Seal of Nevada on future medallions.

Nevex Mining markets the "Silver Comstock", a one troy ounce, .999 fine silver medallion commemorating their Haywood-Santiago mine near Silver City.

Nevada Miners & Prospectors Association produces several one troy ounce, .999 fine silver medallions, some in limited editions and using the Great Seal. Their annual coin is limited to 300 medallions and depicts a mining or prospecting scene on one side and the seal on the other.

Nevada Metallurgical, Inc. produces 1/4 and one troy ounce .999 fine silver medallions, called the "Silver Miner," with a depiction of a Comstock miner in a square set stope on one side and their corporate logo on the back. They have plans to market a 1/2 troy ounce silver medallion and a similar set, called the "Gold Miner," in the future.

There are also a number of California medallions marketed in Nevada and a full range of domestic and foreign coins are available through precious metals dealers statewide. Therefore, the demand for new medallions may be limited.

In studying the feasibility of the state participation in the production of gold and silver medallions, I suggest consideration be given to the following comments and questions.

1. The fee schedule proposed in AB692 for use of the state seal was based on the California system which applies to gold only. Would a separate schedule be established for silver? Would a fee be charged for use of the seal for other unofficial purposes? Or would all other unofficial uses be denied as is the case in California?
2. How enthusiastic are the mining companies going to be to pay a premium for using the state seal? Without some promotion from the state signifying that these are special medallions, the companies might prefer to design and market medallions using their corporate logo.
3. The new national coin act will allow investors and collectors to purchase U.S. gold coins to replace the banned Krugerrand. Hopefully, this will benefit Nevada gold producers in the same manner that was intended in AB692.
4. Limited editions (featuring different designs for different mines) would have higher design and set-up costs which might price them out of the market established by medallions currently being produced.
5. Because the medallions will not be legal tender and, therefore, primarily directed to the collector market, I recommend either a .999 fineness standard be established or the fineness decision be left to the option of the producer.
6. What are the advantages to the state?
 - a) Encourage and enhance the state's precious metals mining industry which would increase employment and add significant tax revenues.
 - b) Promote Nevada as a leading producer of precious metals. "Nevada - A Golden Opportunity in the Silver State."
 - c) Collection of the fee for the use of the state seal.
7. The California law was changed in 1983 to delete the requirement that the producers be California gold producers.
8. Because California has three years experience, the Department of General Services should be contacted to determine how successful their program has been.

9. There are currently no mints operating in Nevada and some sources indicate an annual production of six million medallions would be required to make one economically feasible.
10. Would and "official" Nevada medallion, designed, minted and marketed by the state, have greater marketability than medallions produced by individual companies? Would the net revenues accruing to the state be more? Would this place the state in a position of unfair competition with private enterprise? Would the cost of administration and storage offset potential profits?
11. Could the primary objectives of the original bill be accomplished without direct participation by the state by encouraging more companies to produce medallions?

Let me know how our department can assist you in conducting your study.

RLR:wf

cc: Ken Redelsperger
Bob Erickson

- * Later research determined that Nevada's governor does not grant written permission for entities to use the Great Seal, pursuant to NRS 235.010.

APPENDIX L

Agreement for Use of "CC" Mint Mark Symbol Between
Nevada State Museum, Department of Museums and
History and Marshall Earth Resources, Inc.,
December 3, 1985

SW
12/15/85

AGREEMENT

THIS AGREEMENT, made and entered into this 15th day of December, 1985, between MARSHALL EARTH RESOURCES, INC. (hereinafter referred to as "Marshall Earth") and STATE OF NEVADA, acting through the Nevada State Museum (hereinafter referred to as "Museum"),

RECITALS

1. Museum is the owner of a legal copyright commonly known and depicted as "CC".
2. The CC symbol has achieved great significance and importance over the years.
3. Marshall Earth is in the precious metals mining business, with mineral properties located in several western states.
4. Marshall Earth is desirous of utilizing the CC symbol upon certain minted medallions.
5. The medallions to be minted by Marshall Earth shall be either gold or silver, with a fineness of .999.

NOW, THEREFORE, in consideration of the mutual undertaking of the parties, and for other good and valuable consideration, the parties do agree as follows:

1. Except as provided in paragraph 2, Museum hereby grants and allows Marshall Earth the exclusive use of

the CC symbol for a term of ten (10) years from the date hereof.

2. Museum may use the CC symbol for its past, current, and future medallion series and other museum oriented projects. Museum may also use the CC symbol for other items, including, but not limited to, books, exhibits, and stationery. Renewals, if any, of the exclusive right to utilize the CC symbol shall be based upon the following factors:

(a) Satisfactory performance by Marshall Earth, as determined by Museum.

(b) Due diligence expressed by Marshall Earth in furtherance of both Marshall Earth's and the Museum's interests.

(c) Volume of Marshall Earth sales.

(d) Royalties actually paid to Museum by Marshall Earth.

3. Contemporaneous with the execution of this Agreement, Marshall Earth shall pay to Museum the sum of Twenty-Five Thousand Dollars (\$25,000.00). Thereafter, and for each quarter for the next succeeding ten (10) years, Marshall Earth shall pay to Museum on the first day of such quarter (January, April, July, October) the sum of Four Thousand Dollars (\$4,000.00). It is expressly understood that

this quarterly payment shall be made in addition to that certain royalty payment set forth in paragraph 5 herein.

(a) Marshall Earth shall have the right to terminate this Agreement upon giving written notice sixty (60) days in advance of such intention to terminate. This Agreement shall terminate sixty (60) days after the notice is received. All sums due Museum by Marshall Earth shall be paid contemporaneous with termination.

(b) Museum shall have the right to terminate this Agreement should federal, state, or local laws, statutes, ordinances, or regulations promulgated thereunder render this Agreement void, unlawful, or otherwise financially impossible for Museum to continue. Museum shall also have the right to terminate this Agreement if Marshall Earth is not actually operating the mint within one (1) year from the effective date of this Agreement; if Marshall Earth has not paid royalties for a continuous period of two (2) years; and thereafter, Marshall Earth does not make royalty payments for two (2) consecutive quarters, and Museum has received an offer to utilize the CC symbol on more favorable terms and conditions, as determined by Museum.

4. Use of CC. It is expressly understood that Marshall Earth may utilize and stamp upon medallions or gold bullion the symbol CC. Museum, by its authorized representatives, shall first approve the form and substance of the medallions prior to any such medallions being stamped with the CC symbol by Marshall Earth. It is further understood that Museum shall not arbitrarily withhold such approval but may reject approval if the proposed medallions are of inferior workmanship or design, or constitute unsuitable subject matter. Museum shall first approve any and all advertising, in whatever form proposed by Marshall Earth. All advertising shall be tasteful, appropriate, and in conformity with all applicable federal, state and local laws, ordinances and regulations. Should a dispute exist as to whether a proposed medallion is suitable or not, then Museum and Marshall Earth shall select an arbitrator, and the two (2) so selected shall select a third. Marshall Earth and Museum shall thereupon allow a three (3) member arbitration board to determine whether or not the proposed medallion is acceptable.

5. Marshall Earth may utilize its mint, which will be located in Carson City, Nevada, to stamp any medallions or coins which do not carry the CC symbol. Museum shall not be authorized to approve or disapprove of these mintings. Any items bearing the CC symbol shall be sold, together with an accompanying pamphlet, the layout and wording of which is

subject to Museum approval, disclosing the origin of the CC symbol and method of production and the fact that this item was not minted by the Nevada State Museum or under its direction, nor was it minted on the coin press used to mint Carson City silver dollars.

6. Royalty. For those medallions stamped with the CC symbol, Marshall Earth shall pay to Museum a royalty based upon the following schedule:

(a) For bullion medallions, a royalty shall be paid to Museum at the rate of \$1.00 for each ounce of gold imprinted with the CC; 50¢ for each one-half ounce imprinted with the CC; 25¢ for each one-quarter ounce imprinted with the CC; and 10¢ for each one-tenth ounce imprinted with the CC.

(b) For proof sets, which consist of one of each of the following medallions: one ounce, one-half ounce, one-fourth ounce, and one-tenth ounce, for a total weight of 1.85 troy ounces, Marshall Earth shall pay to Museum the sum of \$10.00 per set.

(c) For individual proof medallions, Marshall Earth shall pay to Museum the sum of \$2.00 per one ounce medallion; \$1.00 per each one-half ounce medallion; 50¢ for each one-quarter ounce medallion; and 20¢ for each one-tenth ounce medallion.

(d) For silver, Marshall Earth shall pay to Museum the sum of 3¢ per ounce.

(e) For all gold bullion bars imprinted with the CC symbol, Marshall Earth shall pay to Museum the sum of \$1.00 per ounce during periods when the price of gold is below \$500.00. The agreed upon exchange shall be the New York COMEX. When and if the price of gold is sold at a price higher than \$500.00 per ounce, based upon an average daily price for calendar month preceding the sale, then the price that Marshall Earth shall pay to Museum shall be \$1.00 per ounce plus .3% of the difference between the actual sales price and \$500.00.

Additionally, there shall be a price increase of \$5.00 per proof set for each \$200.00 increment above or over the \$500.00 per ounce sales price, based upon the average daily close of the New York COMEX Exchange for the preceding month.

(f) For special orders or for orders not included in this paragraph 6, the parties shall first agree on a royalty prior to Marshall Earth stamping the coins or items with the CC symbol. For this purpose, and for other purposes as selected by Museum, an executive committee shall be established

by the Board of Trustees of Museum, comprised of three members as selected by the Board members.

(g) In addition to the royalty payment, Marshall Earth shall also promptly deliver to Museum one (1) gold medallion of each individual gold medallion stamped with the CC symbol. All other medallions stamped with the CC symbol, not being gold, Marshall Earth shall deliver five (5) of such medallions to Museum. No royalty shall be due Museum for any medallions not stamped with the CC symbol.

(h) For purposes of this paragraph, "ounce" means "troy ounce."

7. Prior to utilization of the CC symbol, the parties shall agree to the manner of acceptable accounting procedures, such that the Museum's interest will be fully protected at all times during the life of this Agreement. Royalties will be due when medallions or bullion are shipped, sold or transferred from the mint. This provision shall not preclude Marshall Earth from making reasonable provision for storage or direct sales by Marshall Earth.

8. Marshall Earth agrees to indemnify and save and hold Museum, the State of Nevada, its agents and employees, harmless from any and all claims, causes of action or liability, including costs and attorney's fees, arising from

the use by Marshall Earth under this agreement of the CC symbol.

9. So long as this Agreement is in full force and effect, Marshall Earth shall not grant the right to utilize the CC symbol to any third party. Further, Marshall Earth agrees not to assign this contract, or any portion thereof, nor delegate any responsibility arising hereunder, to third parties.

10. Any notices required shall be sent to the parties at the following addresses:

Museum: State of Nevada
Department of Museums and History
600 North Carson Street
Carson City, NV 89710

Marshall Earth: Marshall Earth Resources, Inc.
720 Willow Street
Reno, Nevada 89502

Any changes in address shall promptly be supplied to the other party.

11. Default. Should Marshall Earth be in default of the provisions herein, then Museum shall notify Marshall Earth, via certified mail, of such default. Marshall Earth shall have thirty (30) days from the receipt of the certified notice to cure the default.

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement the day and year first above written.

MARSHALL EARTH RESOURCES, INC.

By: *Hugh Marshall*
Its 12/3/85

STATE OF NEVADA,
DEPARTMENT OF MUSEUMS AND
HISTORY

By: *Spitt Miller*
Its Administrator

APPROVED as to form:

BRIAN MCKAY, Attorney General

By: *William E. Isaef*
WILLIAM E. ISAEFF
Chief Deputy Attorney General

APPENDIX M

Nevada Revised Statutes 235.010,
"State seal and motto; penalty
for unlawful use."

235.010 State seal and motto; penalty for unlawful use.

1. There shall be a seal of the State of Nevada called The Great Seal of the State of Nevada, the design of which shall be as follows: In the foreground, there shall be two large mountains, at the base of which, on the right, there shall be located a quartz mill, and on the left a tunnel, penetrating the silver leads of the mountain, with a miner running out a carload of ore, and a team loaded with ore for the mill. Immediately in the foreground, there shall be emblems indicative of the agricultural resources of the state, as follows: A plow, a sheaf and sickle. In the middle ground, there shall be a railroad train passing a mountain gorge and a telegraph line extending along the line of the railroad. In the extreme background, there shall be a range of snow-clad mountains, with the rising sun in the east. Thirty-six stars and the motto of our state, "All for Our Country," shall encircle the whole group. In an outer circle, the words "The Great Seal of the State of Nevada" shall be engraved with "Nevada" at the base of the seal and separated from the other words by two groups of three stars each.

2. The size of the seal shall not be more than $2\frac{3}{4}$ inches in diameter.

3. The seal shall be kept by the governor and used by him officially. The secretary of state shall have access to the seal at all times, and may use it in verification of all his official acts.

4. Every person who maliciously or with intent to mislead or defraud uses, or allows to be used, any reproduction or facsimile of the great seal of the State of Nevada, in any manner whatsoever, shall be guilty of a misdemeanor.

[1:41:1866; B § 4046; BH § 4938; C § 4997; RL § 4402; NCL § 7610] + [2:41:1866; added 1955, 138] + [Part 1:7:1875; BH § 4939; C § 4998; RL § 4403; NCL § 7611] + [2:7:1875; BH § 4940; C § 4999; RL § 4404; NCL § 7612]—(NRS A 1969, 97, 819)

APPENDIX N

Suggested Legislation

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BDR 32-54 - Proposes to exempt certain gold and silver medallions and bars from taxes on retail sales.	101
BDR 46-57 - Authorizes minting of certain medallions and bars and limits permissible use of state seal.	105

SUMMARY---Proposes to exempt certain gold and silver medallions and bars from taxes on retail sales. (BDR 32-54)

**FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.**

AN ACT relating to taxes on retail sales; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to provide an exemption for gold, silver or platinum medallions or bars which are authorized to bear the state seal; contingently creating the same exemption from certain analogous taxes; and providing other matters properly relating thereto.

**THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:**

Section 1. At the general election on November 8, 1988, a proposal must be submitted to the registered voters of this state to amend the Sales and Use Tax Act, which was enacted by the 47th session of the legislature of the State of Nevada and approved by the governor in 1955, and subsequently approved by the people of this state at the general election held on November 6, 1956.

Sec. 2. At the time and in the manner provided by law, the secretary of state shall transmit the proposed act to the several county clerks, and the county clerks shall cause it to be published and posted as provided by law.

Sec. 3. The proclamation and notice to the voters given by the county clerks pursuant to law must be in substantially the following form:

Notice is hereby given that at the general election on November 8, 1988, a question will appear on the ballot for the adoption or rejection by the registered voters of the state of the following proposed act:

AN ACT to amend an act entitled "An Act to provide revenue for the State of Nevada; providing for sales and use taxes; providing for the

manner of collection; defining certain terms; providing penalties for violation, and other matters properly relating thereto." approved March 29, 1955, as amended.

THE PEOPLE OF THE STATE OF NEVADA DO ENACT AS FOLLOWS:

Section 1. The above-entitled act, being chapter 397, Statutes of Nevada 1955, at page 773, is hereby amended by adding thereto a new section to be designated as section 63.5, immediately following section 63, to read as follows:

Sec. 63.5. There are exempted from the taxes imposed by this chapter the gross receipts from the sale, storage, use or other consumption in this state of gold, silver or platinum medallions or bars which are statutorily authorized to bear the state seal.

Sec. 2. This act becomes effective on January 1, 1989.

Sec. 4. The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to provide an exemption from the taxes imposed by this act on the gross receipts from the sale, storage, use or other consumption of gold, silver or platinum bars or medallions which are statutorily authorized to bear the state seal?

Yes No

Sec. 5. The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:

(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would exempt from the taxes imposed by this act the gross receipts from the sale, storage, use or

other consumption of gold, silver or platinum medallions or bars which are authorized by law to bear the state seal. If this proposal is adopted, the legislature has provided that the Local School Support Tax Law and the City-County Relief Tax Law will be amended to provide the same exemption.

Sec. 6. If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes effective on January 1, 1989. If a majority of votes cast on the question is no, the question fails and the amendment to the Sales and Use Tax Act of 1955 does not become effective.

Sec. 7. All general election laws not inconsistent with this act are applicable.

Sec. 8. Any informalities, omissions or defects in the content or making of the publications, proclamations or notices provided for in this act and by the general election laws under which this election is held must be so construed as not to invalidate the adoption of the act by a majority of the registered voters voting on the question if it can be ascertained with reasonable certainty from the official returns transmitted to the office of the secretary of state whether the proposed amendment was adopted or rejected by a majority of those registered voters.

Sec. 9. Chapter 374 of NRS is hereby amended by adding thereto a new section to read as follows:

There are exempted from the taxes imposed by this chapter the gross receipts from the sale, storage, use or other consumption in this state of gold, silver or platinum medallions or bars which are statutorily authorized to bear the state seal.

Sec. 10. Section 9 of this act becomes effective on January 1, 1989, only if the question provided for in section 3 of this act is approved by the voters at the general election on November 8, 1988.

SUMMARY---Authorizes minting of certain medallions and bars and limits permissible use of state seal. (BDR 46-57)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to governmental affairs; authorizing the minting of certain medallions and bars; limiting the use of the state seal; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 513 of NRS is hereby amended to adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

Sec. 2. 1. The executive director of the department of minerals, after consulting with the executive director of the commission on tourism, the administrator of the department of museums and history and the chairman of the commission on mineral resources, may contract with a mint to produce medallions made of gold, silver, platinum or nonprecious metals and bars made of gold, silver or platinum.

2. The decision to contract with a particular mint must be based on the ability of the mint to:

- (a) Provide a product of the highest quality;
- (b) Advertise and market the product properly; and
- (c) Fulfill its contractual obligations.

Sec. 3. 1. The ore used to produce such a medallion or bar must be mined in Nevada, if the ore is available. If it is not available, ore newly mined in the United States may be used. Each medallion or bar made of gold, silver or platinum must be 0.999 fine.

2. Medallions may be minted in the following weights:

(a) 1 ounce.

(b) 0.5 ounce.

(c) 0.25 ounce.

(d) 0.1 ounce.

3. Bars may be minted in the following weights:

(a) 1 ounce.

(b) 5 ounces.

(c) 10 ounces.

(d) 100 ounces.

4. Each such medallion must bear on its obverse The Great Seal of the State of Nevada and on its reverse a design selected by the executive director, in consultation with the executive director of the commission on tourism, the administrator of the department of museums and history and the chairman of the commission on mineral resources.

Sec. 4. 1. The executive director shall set and collect a royalty for the use of The Great Seal of the State of Nevada from the mint which produces the medallions or bars. The amount of the royalty must be:

(a) Based on the usual and customary fee charged as a commission by dealers of similar medallions or bars; and

(b) Adjusted every 6 months to ensure it is competitive with the usual and customary fee.

2. The executive director shall report every 6 months to the legislature, if it is in session, or to the interim finance committee, if the legislature is not in session. The report must contain:

(a) The amount of the royalties being charged; and

(b) The information used to determine the usual and customary fee charged by dealers.

3. The money collected pursuant to this section must be deposited in the fund for the department of minerals.

Sec. 5. NRS 235.010 is hereby amended to read as follows:

235.010 1. There shall be a seal of the State of Nevada called The Great Seal of the State of Nevada, the design of which [shall be] is as follows: In the foreground, there [shall] must be two large mountains, at the base of which, on the right, there [shall] must be located a quartz mill, and on the left a tunnel, penetrating the silver leads of the mountain, with a miner running out a carload of ore, and a team loaded with ore for the mill. Immediately in the foreground, there [shall] must be emblems indicative of the agricultural resources of the state, as follows: A plow, a sheaf and sickle. In the middle ground, there [shall] must be a railroad train passing a mountain gorge and a telegraph line extending along the line of the railroad. In the extreme background, there [shall] must be a range of snow-clad mountains, with the rising sun in the east. Thirty-six stars and the motto of our state, "All for Our Country," [shall] must encircle the whole group. In an outer circle, the words "The Great Seal of the State of Nevada" [shall] must be engraved with "Nevada" at the base of the seal and separated from the other words by two groups of three stars each.

2. The size of the seal [shall] must not be more than 2 3/4 inches in diameter.

3. The seal [shall] must be kept by the governor and used by him officially. The secretary of state [shall] must have access to the seal at all times, and may use it in verification of all his official acts.

4. [Every] A reproduction or facsimile of the seal may only be used:

(a) With the written permission of the governor;

(b) In the performance of official acts by an agency of one of the branches of state government;

(c) On medallions or bars minted under the direction of the executive director of the department of minerals; or

(d) As otherwise permitted by a specific statute.

5. Except as otherwise provided in NRS 205.175, every person who [maliciously or with intent to mislead or defraud uses.] uses or allows to be used, any reproduction or facsimile of [the great seal of the State of Nevada, in any manner whatsoever, shall be] The Great Seal of the State of Nevada in violation of subsection 4 is guilty of a misdemeanor.

Sec. 6. 1. The executive director of the department of minerals, in consultation with the executive director of the commission on tourism, the administrator of the department of museums and history and the chairman of the commission on mineral resources, shall conduct a contest to select the design for the reverse of any medallion minted pursuant to section 2 of this act.

2. The theme of the design must be related to Nevada and the artist must be a resident of Nevada. The director shall determine the rules for the contest, including the number and identity of the judges.

3. Prizes must be given for the designs awarded first, second and third place by the judges. The prize for first place must be the first 1-ounce medallion minted. The prize for second place must be the first 0.5-ounce medallion minted. The prize for third place must be the first 0.25-ounce medallion minted.