



House Budget Bill Will Increase Our Reliance On China For Critical Minerals

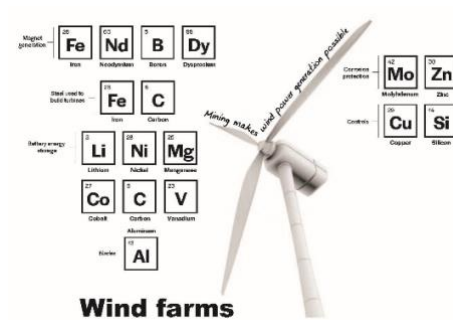
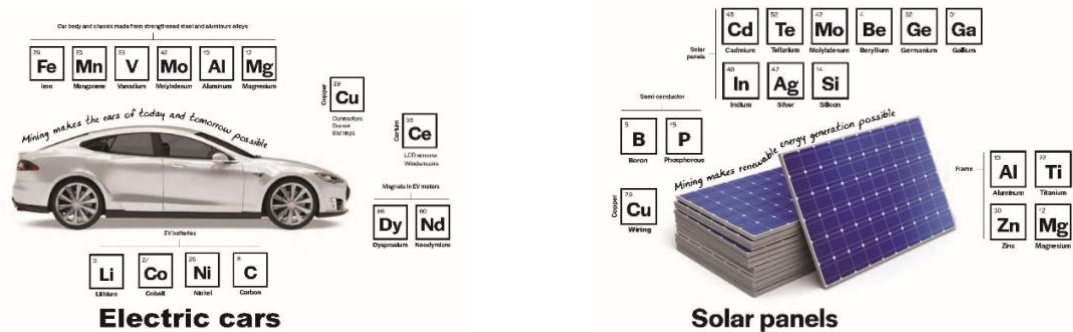
Hardrock Mining Provisions Will Decrease Domestic Critical Mineral Production And Thwart The Nation's Clean Energy Goals

- The following hardrock mining related measures in the House Budget Reconciliation Bill are of great concern:
 - The 8% gross royalty on mineral production from existing mining claims located outside of a Plan of Operations boundary or new claims located after the date of enactment - Section 70807(b)(1);
 - The 4% gross royalty on mineral production from mining claims within a Plan of Operations approved on or before the date of enactment - Section 70807(b)(2);
 - The \$0.07/per ton displaced materials fee, the so-called “reclamation fee” on mined ore and waste rock – Section 70807(c);
 - The Oak Flat permanent withdrawal from mineral entry and location of 2,422 acres of copper-rich land and repeal of the land exchange authorized by Congress in 2015 – Section 70201; and
 - The permanent withdrawal from mineral entry and location of more than one million acres of uranium-rich land labeled in the bill as “the Grand Canyon Protection Area” – Section 70204.
- Since the 1990s, the U.S. mining industry has supported a net royalty that would provide taxpayers with revenue from mining on public lands but still allow the mining industry to thrive and meet the mineral needs of our Nation.
 - The gross royalties in the budget bill are unworkable and confiscatory because they do not allow reasonable deductions to produce a saleable mineral product.
 - A hardrock mining royalty program should be evaluated under regular order when it can be thoroughly vetted and evaluated rather than hastily considered in a budget reconciliation bill. The economic ramifications of a royalty will severely impact mining communities throughout the west.
- Unlike oil, gas, and coal which produce products that are marketable as extracted without extensive processing, hardrock minerals require significant processing after mining in order to create a marketable product.
 - A fair hardrock mining royalty must allow deductions for these processing steps, which is why the mining industry supports a net royalty and opposes a gross royalty.
- The royalties and fee in the House Budget Reconciliation Bill will create serious financial barriers to developing critical minerals projects on public lands and will:
 - Increase the U.S. reliance on China and other adversaries for the critical minerals needed to build the infrastructure to achieve our clean energy objectives;

- Strengthen China’s dominance over the lithium, rare earths, and the many other critical minerals used in electric vehicles, storage batteries, defense applications, and electrification goals; and
- Severely impede the Biden Administration’s clear policy directive to encourage domestic mining of clean energy minerals in order to strengthen domestic supply chains for these minerals.
- Imposing royalties and fees on existing claims will expose the federal government to Fifth Amendment takings claims.
 - Every time Congress has amended the U.S. Mining Law, it has expressly preserved claim holders’ property rights to their claims by including savings clauses and other mechanisms.
 - The attached American Exploration & Mining Association legal analysis documents this history and explains how imposing royalties and fees on existing mining claims would create takings claims.
- The displaced materials fee on ore and waste rock is designed to discourage mining on public lands – not to raise revenue for the federal government.
 - This tax will make many mines uneconomic because it taxes moving mined materials during mining and again during mine reclamation.
 - Mines made uneconomic by this tax will close prematurely eliminating thousands of high paying jobs and devastating rural, mining-dependent communities.
- Repealing the Resolution Copper land exchange will prevent the creation of thousands of high-paying union jobs, cost Arizona more than \$61 billion in economic development, and preclude the development of a world-class copper deposit capable of supplying 25% of our Nation’s current copper requirements.
 - Withdrawing the Oak Flat Withdrawal Area from mineral entry will expose the United States to Fifth Amendment Takings claims worth billions of dollars.
 - The mineral withdrawal will increase our Nation’s reliance on foreign sources of one of the most important metals necessary for a clean energy future.
- The permanent withdrawal of more than 1 million acres of uranium-rich land well outside the boundaries of the Grand Canyon National Park will increase our Nation’s reliance on foreign sources of a mineral critically important to our clean energy future.
 - Congress expressly designated this area for uranium mining and excluded it from being managed as wilderness when it enacted the Arizona Wilderness Act in 1980.

**The Mining Section In The House Budget Reconciliation Bill
Will Thwart Mining For Essential Clean Energy Minerals
*This Section Should Be Eliminated From This Bill***

Electric Vehicles and Critical Energy Infrastructure Require Many Minerals Which Should be Mined in America by U.S. Workers Using the Most Advanced and Effective Environmental Protection and Worker Health and Safety Standards in the World



Attachment: American Exploration & Mining Association Mining Law Fifth Amendment Takings Analysis, July 2021

For more information, please contact Emily Arthun at Emily.arthun@wmc-usa.org or visit our website at: www.wmc-usa.org