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## WHAT YOU NEED TO KNOW

- Congress is considering proposals to impose excessive taxes and fees that threaten the viability of investments in domestic mining, weakening U.S. supply chains while strengthening China's market position.
- NMA testified before the U.S. Senate on the negative impacts of such punitive updates to the Mining Law, and made clear that industry is open to compromise on a reasonable royalty rate.
- Policymakers must incentivize America's mining industry, not penalize it.

## LETTER FROM THE PRESIDENT AND CEO

OCTOBER 26, 2021

Dear Joe,

The National Mining Association (NMA) recently testified in a Senate hearing to examine proposed changes to the Mining Law. The NMA's Katie Sweeney, Executive Vice President and General Counsel, appeared before the Senate's Energy and Natural Resources Committee to detail the extent to which punitive taxes and fees would harm domestic production of minerals deemed critical to our national security, energy transition and economic stability.

"For existing operations, a new gross royalty that was never accounted for in the mine plan of operation would erase profitability, potentially leading to an early mine closure. If the new, punitive gross royalty and dirt tax proposals... are allowed to continue, no amount of permitting reforms will make the U.S. an attractive investment jurisdiction."

To be in favor of such counterproductive legislation signals a fundamental misunderstanding of the U.S. minerals mining industry and the current state of our supply chains. Domestic hardrock minerals mining is a capital-intensive

industry, with high financial risk, and is different from other extractive industries like oil and gas in two main ways.

**Geologic differences.** Oil and gas are fluid minerals that occur in well-defined basins that once drilled, have a high likelihood of success with little disturbance to the surface. In contrast, hardrock minerals are more complex geologically and are often dispersed and require extensive exploration to define a producible deposit.

**Extraction differences.** Once a producible deposit of minerals is located, a huge investment is required to build the mine and process the mineral. Unlike oil and gas, the amount of processable material produced is often a small fraction of the material moved. That processable material must then go through numerous steps to produce a salable product.

For this reason, imposing a gross royalty on minerals mining companies would crush the industry at the exact time it's needed most. Demand for a wide range of minerals, from copper and lithium to nickel and cobalt is going vertical to feed supply chains for electric vehicles, batteries and advanced energy technologies. Mining companies already pay close to 40 percent of earnings in federal, state and local taxes and fees. Coupled with the inefficient and costly permitting timeframes that exist in the U.S., adding additional, outsized fees onto new and existing operations would push the U.S. out of the globally competitive range, deterring investors.

We need to encourage more domestic production for everything from infrastructure reinvestment to the electric vehicle revolution. As Jim Farley, President and CEO of Ford Motor Co. put it, "So are we going to import lithium and pull cobalt from nation-states that have child labor and all sorts of corruption or all we going to get serious about mining?"

We have made our position clear that America's mining industry is open to compromise on royalties. But the budget reconciliation package is not the vehicle for doing so. Visit our [Take Action](#) page to have your voice heard in favor of compromise and supporting American industry.

Thank you,

Rich Nolan

NMA President and CEO

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## BLOG

[The U.S. Needs a Comprehensive Minerals Strategy](#)



Relying solely on imported minerals isn't sustainable. Domestic mining is essential for keeping American industries competitive, reshoring our supply chains and providing economic stability.

[LEARN MORE](#)

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## INFOGRAPHIC

[Our Energy Future Depends On Mining](#)



To deliver the future of advanced energy, the U.S. needs a strong and stable supply of domestic minerals.

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