

AMERICAN SODA ASH COMPETITIVENESS ACT

JULY 22, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

R E P O R T

[To accompany H.R. 957]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 957) to reduce temporarily the royalty required to be paid for sodium produced on Federal lands, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 957 is to reduce temporarily the royalty required to be paid for sodium produced on Federal lands.

BACKGROUND AND NEED FOR LEGISLATION

The Soda Ash Royalty Reduction Act of 2006 was included in the National Heritage Areas Act of 2006 (Public Law 109-338). This law reduced the royalty on soda ash to 2 percent, the minimum required in the Mineral Leasing Act of 1921.

Uses for soda ash include glass-making which consumes about half of soda ash output. This is followed by the chemical industry, which uses about a quarter of the output. Other uses include soap, paper manufacturing, and water treatment.

Prior to the royalty relief legislation being enacted, the U.S. soda ash (sodium carbonate) industry was experiencing increased pressure from state owned Chinese companies operating under lax environmental standards, coupled with high U.S. royalty rates that ranged between 5 and 8 percent. Between 1997 (the year after the Bureau of Land Management raised the royalty rates) and 2000, China overtook the United States as the world's largest exporter of soda ash. By 2003, the growth in domestic exports had grown by

only a few percentage points, and approximately 1000 jobs in the domestic soda ash mining industry had been lost.

Between October 2006 and September 2011, when the 2 percent royalty rate was in place, the soda ash industry was able to reverse the downward trend in exports, and was able to add jobs during the recession. By being able to keep more of the money they made, the soda ash companies were able to reinvest in their operations to increase production and efficiencies, allowing the industry to increase exports by more than 1 million tons.

In October 2011, the Bureau of Land Management reinstated the 6 percent royalty. This was a discretionary decision. This has already had an impact on U.S. exports: those for the first two months of 2012 have fallen below the average exports for 2011.

H.R. 957, the “American Soda Ash Competitiveness Act,” would restore the royalty rate for soda ash at 2 percent for a five year period.

COMMITTEE ACTION

H.R. 957 was introduced on March 5, 2013, by Congresswoman Cynthia Lummis (R-WY). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On March 21, 2013, the Subcommittee on Energy and Mineral Resources held a hearing on the bill. On May 15, 2013, the Full Natural Resources Committee met to consider the bill. The Subcommittee on Energy and Mineral Resources was discharged by unanimous consent. Congresswoman Carol Shea-Porter (D-NH) offered an amendment designated .001 to the bill; the amendment was not adopted by a bipartisan roll call vote of 16 to 26, as follows:

Congressman Alan Lowenthal (D-CA) offered an amendment designated .002 to the bill; the amendment was not adopted by a bipartisan roll call vote of 17 to 25, as follows:

Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: May 15, 2013

Recorded Vote #: 13

Meeting on / Amendment on: H.R. 957 - Shea-Porter.001, Not agreed to by vote of 16 yeas and 26 nays

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA, Chairman		X		Mr. Duncan, SC		X	
Mr. Markey, MA, Ranking				Ms. Hanabusa, HI	X		
Mr. Young, AK		X		Mr. Tipton, CO		X	
Mr. Defazio, OR		X		Mr. Cardenas, CA	X		
Mr. Gohmert, TX				Mr. Gosar, AZ		X	
Mr. Faleomavaega, AS				Mr. Horsford, NV	X		
Mr. Bishop, UT		X		Mr. Labrador, ID		X	
Mr. Pallone, NJ	X			Mr. Huffman, CA	X		
Mr. Lamborn, CO		X		Mr. Southerland, FL		X	
Mrs. Napolitano, CA	X			Mr. Ruiz, CA	X		
Mr. Wittman, VA		X		Mr. Flores, TX		X	
Mr. Holt, NJ		X		Ms. Shea-Porter, NH	X		
Mr. Broun, GA				Mr. Runyan, NJ		X	
Mr. Grijalva, AZ	X			Mr. Lowenthal, CA	X		
Mr. Fleming, LA		X		Mr. Amodei, NV		X	
Ms. Bordallo, GU	X			Mr. Garcia, FL	X		
Mr. McClintock, CA		X		Mr. Mullin, OK		X	
Mr. Costa, CA		X		Mr. Cartwright, PA	X		
Mr. Thompson, PA		X		Mr. Stewart, UT		X	
Mr. Sablan, CNMI	X			Mr. Daines, MT		X	
Ms. Lummis, WY		X		Mr. Cramer, ND		X	
Ms. Tsongas, MA	X			Mr. LaMalfa, CA		X	
Mr. Benishek, MI		X					
Mr. Pierluisi, PR	X						
				TOTALS	16	26	

Congressman Alan Lowenthal (D-CA) offered an amendment designated .002 to the bill; the amendment was not adopted by a bipartisan roll call vote of 17 to 25, as follows:

Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: May 15, 2013

Recorded Vote #: 14

Meeting on / Amendment on: H.R. 957 - Lowenthal.002, Not agreed to by vote of 17 yeas and 25 nays

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA, Chairman		X		Mr. Duncan, SC		X	
Mr. Markey, MA, Ranking				Ms. Hanabusa, HI	X		
Mr. Young, AK		X		Mr. Tipton, CO		X	
Mr. Defazio, OR		X		Mr. Cardenas, CA	X		
Mr. Gohmert, TX				Mr. Gosar, AZ		X	
Mr. Faleomavaega, AS				Mr. Horsford, NV	X		
Mr. Bishop, UT		X		Mr. Labrador, ID		X	
Mr. Pallone, NJ	X			Mr. Huffman, CA	X		
Mr. Lamborn, CO		X		Mr. Southerland, FL		X	
Mrs. Napolitano, CA	X			Mr. Ruiz, CA	X		
Mr. Wittman, VA		X		Mr. Flores, TX		X	
Mr. Holt, NJ	X			Ms. Shea-Porter, NH	X		
Mr. Broun, GA				Mr. Runyan, NJ		X	
Mr. Grijalva, AZ	X			Mr. Lowenthal, CA	X		
Mr. Fleming, LA		X		Mr. Amodei, NV		X	
Ms. Bordallo, GU	X			Mr. Garcia, FL	X		
Mr. McClintock, CA		X		Mr. Mullin, OK		X	
Mr. Costa, CA		X		Mr. Cartwright, PA	X		
Mr. Thompson, PA		X		Mr. Stewart, UT		X	
Mr. Sablan, CNMI	X			Mr. Daines, MT		X	
Ms. Lummis, WY		X		Mr. Cramer, ND		X	
Ms. Tsongas, MA	X			Mr. LaMalfa, CA		X	
Mr. Benishek, MI		X					
Mr. Pierluisi, PR	X						
				TOTALS	17	25	

No further amendments were offered and the bill was then adopted and ordered favorably reported to the House of Representatives by a bipartisan roll call vote of 28 to 13, as follows:

Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: May 15, 2013

Recorded Vote #: 15

Meeting on / Amendment on: **H.R. 957** - To adopt and favorably report the bill to the House, agreed to by a vote of 28 yeas to 13 nays

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA, Chairman	X			Mr. Duncan, SC	X		
<i>Mr. Markey, MA, Ranking</i>				<i>Ms. Hanabusa, HI</i>		X	
Mr. Young, AK	X			Mr. Tipton, CO	X		
<i>Mr. Defazio, OR</i>	X			<i>Mr. Cardenas, CA</i>		X	
Mr. Gohmert, TX				Mr. Gosar, AZ	X		
<i>Mr. Faleomavaega, AS</i>				<i>Mr. Horsford, NV</i>		X	
Mr. Bishop, UT	X			Mr. Labrador, ID	X		
<i>Mr. Pallone, NJ</i>				<i>Mr. Huffman, CA</i>		X	
Mr. Lamborn, CO	X			Mr. Southerland, FL	X		
<i>Mrs. Napolitano, CA</i>		X		<i>Mr. Ruiz, CA</i>		X	
Mr. Wittman, VA	X			Mr. Flores, TX	X		
<i>Mr. Holt, NJ</i>	X			<i>Ms. Shea-Porter, NH</i>		X	
Mr. Broun, GA				Mr. Runyan, NJ	X		
<i>Mr. Grijalva, AZ</i>		X		<i>Mr. Lowenthal, CA</i>	X		
Mr. Fleming, LA	X			Mr. Amodei, NV	X		
<i>Ms. Bordallo, GU</i>		X		<i>Mr. Garcia, FL</i>	X		
Mr. McClintock, CA	X			Mr. Mullin, OK	X		
<i>Mr. Costa, CA</i>	X			<i>Mr. Cartwright, PA</i>		X	
Mr. Thompson, PA	X			Mr. Stewart, UT	X		
<i>Mr. Sablan, CNMI</i>		X		Mr. Daines, MT	X		
Ms. Lummis, WY	X			Mr. Cramer, ND	X		
<i>Ms. Tsongas, MA</i>		X		Mr. LaMalfa, CA	X		
Mr. Benishek, MI	X						
<i>Mr. Pierluisi, PR</i>		X					
				TOTALS	28	13	

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. **Cost of Legislation.** Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that Rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 957—American Soda Ash Competitiveness Act

Summary: H.R. 957 would require the Department of the Interior (DOI) to charge a 2 percent royalty on the value of soda ash and certain related minerals produced on federal lands for a five-year period following enactment of the bill. That rate would be lower than the average rate expected under current law, which is about 6 percent over that period. As a result, CBO estimates that implementing H.R. 957 would reduce net federal offsetting receipts from soda ash royalties by \$80 million over the 2014–2018 period; therefore, pay-as-you-go procedures apply. Enacting H.R. 957 would not affect revenues.

H.R. 957 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Estimated Cost to the Federal Government: The estimated budgetary impact of H.R. 957 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014–2018	2014–2023
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority ...	16	16	16	16	16	0	0	0	0	0	80	80
Estimated Outlays	16	16	16	16	16	0	0	0	0	0	80	80

Basis of Estimate: For this estimate, CBO assumes that the legislation will be enacted near the end of 2013.

H.R. 957 would reduce the royalty rate on the value of soda ash and certain related minerals produced on federal lands from about 6 percent to 2 percent for a five-year period following enactment of the bill. Because CBO expects that royalty rates charged for the production of such minerals on state and private lands will be higher than 2 percent, we also expect that, under the bill, the amount of soda ash and other affected minerals produced on federal lands would be greater over the next five years than it would

be under current law. However, CBO expects that any increase in production would only partially offset the loss of receipts from lowering the royalty rate through 2018.

In 2011, the last year in which the royalty rate was set at 2 percent, firms produced about 9 million tons of soda ash and related products on federal lands and paid net royalties totaling \$11 million. (Half of all federal royalties collected on the affected minerals are paid to states where those minerals are produced.) The Bureau of Land Management increased the average royalty rate to about 6 percent in 2012. Production of soda ash and related products decreased to about 7 million tons in that year; however, net royalty collections increased to about \$25 million. Based on monthly data on royalty collections from the Office of Natural Resources Revenue, CBO expects that, under current law, net royalty collections will total between \$25 million and \$30 million in 2013 and will remain in that range over the next five years. Under the bill, we estimate that collections would total about \$11 million to \$12 million annually over that period. On balance, CBO estimates that enacting H.R. 957 would reduce net offsetting receipts from soda ash royalties by \$16 million a year over the 2014–2018 period.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 957 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON MAY 15, 2013

	By fiscal year, in millions of dollars—												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013– 2018	2013– 2023
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	16	16	16	16	16	0	0	0	0	0	80	80

Intergovernmental and private-sector impact: H.R. 957 contains no intergovernmental or private-sector mandates as defined in UMRA. The royalty reduction required by the bill would reduce federal payments to Arizona, California, Colorado, New Mexico, Utah, and Wyoming by about \$80 million over the 2014–2018 period.

Estimate prepared by: Federal Costs: Jeff LaFave; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

2. Section 308(a) of Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures. CBO estimates that implementing H.R. 957 would reduce net federal offsetting receipts from soda ash royalties by \$80 million over the 2014–2018 period.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to reduce temporarily the royalty required to be paid for sodium produced on Federal lands.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104-4

This bill contains no unfunded mandates.

COMPLIANCE WITH H. RES. 5

Directed Rule Making. The Chairman does not believe that this bill directs any executive branch official to conduct any specific rule-making proceedings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95-220, as amended by Public Law 98-169) as relating to other programs.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.

