NATIONAL STRATEGIC AND CRITICAL MINERALS POLICY ACT OF 2013

APRIL 1, 2014.—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

REPORT

[To accompany H.R. 1063]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 1063) to require the Secretary of the Interior to conduct an assessment of the capability of the Nation to meet our current and future demands for the minerals critical to United States manufacturing and agricultural competitiveness and economic and national security in a time of expanding resource nationalism, 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. 1063 is to require the Secretary of the Interior to conduct an assessment of the capability of the Nation to meet our current and future demands for the minerals critical to United States manufacturing and agricultural competitiveness and economic and national security in a time of expanding resource nationalism.

BACKGROUND AND NEED FOR LEGISLATION

Strategic and critical minerals are essential to our economy, livelihood and national security. Renewable energy, national defense equipment, agriculture and everyday items such as televisions, telephones, computers and light bulbs are all dependent on minerals. Currently the United States relies on foreign sources for a majority of our non-fuel mineral materials and, according to the
U.S. Geological Survey, is almost 100 percent dependent on foreign sources for rare earth minerals.

Mining of mineral resources creates tangible value, introducing new money into the Nation’s economic system. Additional tangible value is added to the raw mined product through manufacturing, construction, and other uses. Harvesting domestic mineral resources contributes to local economies, and to the Nation's overall economic security.

According to the National Research Council, one of the primary advantages the United States possesses over its strongest industrial competitors is its domestic resource base. The United States is among the world’s largest producer of many important metals and minerals, particularly copper, gold, lead, molybdenum, silver, and zinc, and it still has substantial domestic reserves of these metals. Yet U.S. mineral exploration stagnated or declined during most of the 1990s and 2000s while global mineral exploration trends were strongly positive.

While in the early 1990s the U.S. received 20 percent of the worldwide exploration budget, today it hovers around 8 percent. Without increased domestic exploration, significant declines in U.S. mineral production are unavoidable as present reserves are exhausted.

The lack of exploration expenditures and other factors described below has led to an increased import dependency for non-fuel mineral materials. For example, 27 years ago the United States was dependent on foreign sources for 30 non-fuel mineral materials, six of which were entirely imported to meet the Nation’s requirements and another 16 were imported to meet more than 60 percent of the Nation's needs.

By 2014, the U.S. import dependence for non-fuel mineral materials more than doubled from 30 to 63 commodities, 19 commodities were imported entirely to meet the Nation's requirements, and another 22 commodities required imports of more than 50 percent.

Factors contributing to the decline in domestic mineral exploration activities and other downward trends in the domestic mining industry during the late 1990s are directly related to the regulatory and administrative changes made during that time period, including revisions to the 3809 Regulations and the Millsite Opinion.

Working through the permitting process also became more cumbersome, as federal and state agencies with land management and regulatory responsibilities over mineral exploration and development projects worked at cross purposes to one another. Legal challenges under the National Environmental Policy Act by anti-mining groups also contributed to the delays and uncertainties in obtaining the necessary permits for exploration and development. As such, the United States is ranked 25th out of 25 major mining countries in permitting, averaging 7 to 10 years for final approval.

Currently the United States lacks a coherent national policy to assure domestic availability of minerals essential for national economic well-being, national security, and global economic competitiveness.

H.R. 1063, the National Strategic and Critical Minerals Policy Act of 2013, will help strengthen and improve our national minerals policy by requiring a government-wide survey of U.S. mineral resources needed to meet the Nation’s requirements and a look at
factors adversely impacting domestic mineral development, including workforce, permitting and regulations.

COMMITTEE ACTION

H.R. 1063 was introduced on March 12, 2013, by Congressman Doug Lamborn (R–CO). 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 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. No amendments were offered, and the bill was then adopted and ordered favorably reported to the House of Representatives by unanimous consent.

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:


Summary: H.R. 1063 would require the Secretary of the Interior to complete a global assessment of certain minerals used for manufacturing, agricultural, and national security purposes. The bill also would require the Secretary to complete a comprehensive report related to domestic production of such minerals.

Based on information provided by the United States Geological Survey (USGS) and the Bureau of Land Management (BLM), CBO estimates that implementing the legislation would cost $18 million over the 2014–2018 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1063 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1063 is shown in the following table. The costs
of this legislation fall within budget function 300 (natural resources and environment).

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Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted during 2013 and that the necessary amounts will be appropriated for each fiscal year. Estimated outlays are based on historical spending patterns for similar USGS activities.

H.R. 1063 would require USGS to expand its ongoing global mineral assessment to include certain minerals used for manufacturing, agricultural, and national security purposes. In 2001, USGS began working on the global assessment, which will include assessments of three mineral commodities, and is expected to complete that assessment in 2013 under current law. The bill would require the agency to complete a global assessment of at least six additional commodities. Based on information from the agency regarding the cost and time required to complete the ongoing global assessment, CBO estimates that expanding that assessment would cost about $3 million a year. Those amounts would be used to pay for additional staff, contract costs, and international travel.

The bill also would require the Department of the Interior to gather data related to mineral production from multiple federal agencies and to complete a report that would be updated annually through 2016. Based on information regarding the costs of similar activities and assuming appropriation of the necessary amounts, CBO estimates that implementing this provision would cost about $1 million a year over the 2014–2016 period. Those amounts would be used to develop data tracking systems and to hire additional staff to gather, input, analyze, and update the data.

Pay-As-You-Go considerations: None.

Intergovernmental and private-sector impact: H.R. 1063 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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, credit authority, or an increase or decrease in revenues or tax expenditures. Based on information provided by the United States Geological Survey and the Bureau of Land Management, CBO estimates that implementing the legislation would cost $18 million over the 2014–2018 period, assuming appropriation of the necessary amounts.

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 require the Secretary of the Interior to conduct an assessment of the capability of the Nation to meet our current and future demands for the minerals critical to United States manufacturing and agricultural competitiveness and economic and national security in a time of expanding resource nationalism.

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.