

Congress of the United States
Washington, DC 20515

May 3, 2017

The Honorable Donald Trump
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

The Honorable Ryan Zinke
Secretary
Department of the Interior
1849 C Street, NW
Washington, DC 20240

The Honorable Mick Mulvaney
Director
The Office of Management & Budget
725 17th Street, NW
Washington, DC 20503

Dear President Trump, Secretary Zinke and Director Mulvaney:

We write to urge you not to include any new taxes, fees or leasing schemes for hardrock mining in the President's Budget for fiscal year (FY) 2018.

The U.S. has one of the largest and most diverse mineral resource bases in the world—valued at more than \$6 trillion. These minerals and metals are critical to ensuring America has access to raw materials for domestic manufacturing, national security and infrastructure projects.

President John F. Kennedy once stated “a rising tide lifts all boats.” If the administration wants to produce American goods, products and materials in the U.S., then we should focus on implementing policies that reduce regulatory burdens, increase access and streamline the permitting process.

Imposing new taxes, fees and leasing schemes on these job creators will harm our economy, prevent the creation of good-paying jobs and drive hardrock mining to foreign countries.

Hardrock mining generates more than 1.2 million jobs and provides approximately \$3 trillion in added value to America's gross domestic product (GDP) – nearly 15 percent of U.S. GDP. Existing mining operations in nine states alone support 63,839 direct jobs and generate significant revenues for state GDP coffers.

For years, the Obama Administration and Democrats in Congress have sought to stifle American energy production, impose new regulatory burdens and create financial uncertainty for the hardrock mining industry.

These misguided proposals appeared in President Obama's Budget and other Democrat proposals in the form of (1) an eight percent royalty on new mining operations on federal lands; (2) a four percent royalty on existing mining operations on federal lands; (3) a leasing system for hardrock minerals; and (4) a “dirt tax” of 7.8 cents per ton of materials for crude ore, waste and dirt displaced at mining operations on federal, state and private lands.

A large U.S.-based gold and silver producer recently wrote Director Mulvaney in opposition to inclusion of these attacks on American industry in the President's Budget for FY 2018 stating, "Such policies would only increase our reliance on foreign sources of metals and minerals, which are currently at a record high – the U.S. is now import-dependent for 50 different metals and minerals – and 100 percent import-dependent for 20."

In fact, less than half of mineral demand by U.S.-based manufacturers is being met by domestically mined resources. This import reliance has more than doubled over the past two decades creating a glaring structural mismatch between domestic mineral supply and demand.

The Arizona Mining Association has also expressed opposition to the inclusion of these provisions in the President's Budget for FY 2018 stating, "These onerous proposals threaten the development and expansion of the American hardrock mining industry that plays a critical role in fostering our continued economic prosperity. Any of these changes by themselves would be a hardship to an industry already burdened by excessive regulatory oversight, placing American projects and workers at a disadvantage in the global marketplace. Together, they could decimate the mining industry in the U.S."

Including the "dirt tax", new royalty fees and leasing schemes in the President's Budget for FY 2018 could result in disastrous, long-term impacts for domestic mineral production by chilling nearly all future investment. Further, these costs would dwarf the operating cash flow of several major mining companies in the U.S. and most certainly prevent new operations.

A "dirt tax" is unnecessary as the U.S. holds more than \$5 billion in mining bonds for reclamation activities that are 100% provided for by operating companies who are excellent stewards of our environment.

If hardrock minerals are required to be governed by a leasing system like coal or oil and gas, exploration in the U.S. will come to a grinding halt. The geology of mineral deposits does not support a leasing regime.

Further, hardrock miners already face significant odds when choosing to invest and develop operations in the U.S. Imposing new taxes, royalty fees and leasing schemes on these operations will all but ensure mining investment goes elsewhere, significantly grow our import reliance on other countries and dramatically increase supply chain risks for domestic manufacturers.

Including these attacks on American mining in the President's Budget for FY 2018 will put a strangle-hold on operations forcing investors to make tough decisions about whether to invest or shutdown, displacing hundreds of thousands of direct and indirect jobs and creating much larger monetary shortfalls.

Existing operations generate no small sum. In 2015 alone, an estimated \$18 billion in federal, state and local taxes were collected, supporting direct, indirect and induced taxes of \$44 billion to all levels of government – all of which are put in jeopardy if these proposals are included.

Inclusion of these attacks on American energy is opposed by the National Mining Association, the American Exploration & Mining Association, Rio Tinto, the Industrial Minerals Association – North America, the Alaska Mining Association, the Arizona Mining Association, the Colorado Mining Association, the Georgia Mining Association, the Idaho Mining Association, Mining Minnesota, the Montana Mining Association, the Nevada Mining Association, the Oregon Mining Association, the Utah Mining Association and the Wyoming Mining Association, amongst others.

With this in mind, we encourage you not to include the “dirt tax”, royalty fee proposals or leasing schemes in the President’s Budget for FY 2018 with the understanding that any short-term revenues will be overshadowed by significantly greater economic peril.

Sincerely,



Paul A. Gosar, D.D.S.
Member of Congress



Scott Tipton
Member of Congress



Mia Love
Member of Congress



Tom Emmer
Member of Congress



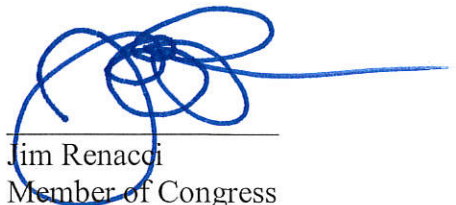
Brian Babin
Member of Congress



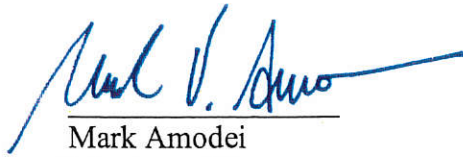
Doug LaMalfa
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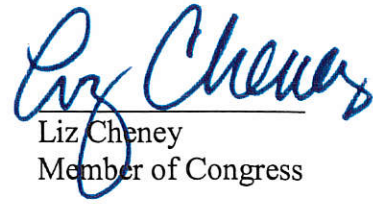
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Member of Congress



Jim Renacci
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Liz Cheney
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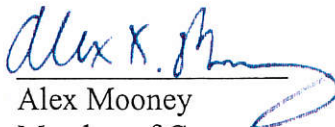
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Raul Labrador
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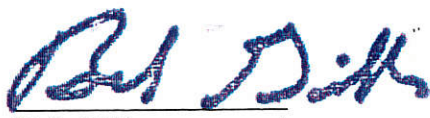

Walter Jones
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Trent Franks
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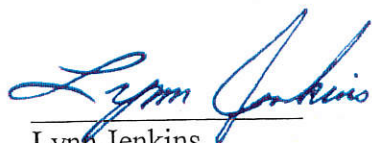

Bill Flores
Member of Congress

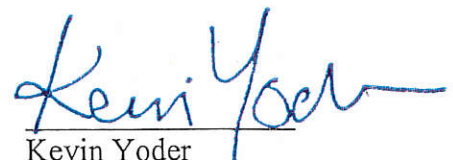

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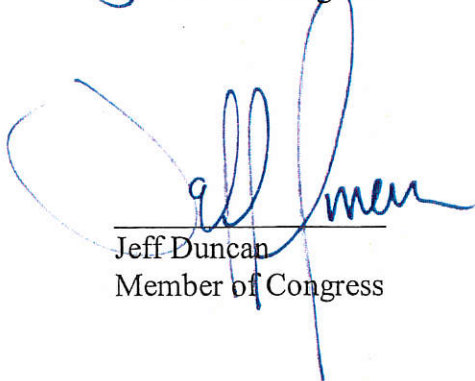
Mike Simpson
Member of Congress



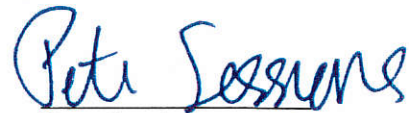
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Jason Lewis
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Cc: United States Senate Committee on the Budget
House of Representatives Committee on the Budget
United States Senate Committee on Appropriations
House of Representatives Committee on Appropriations

Enclosure: Impact of Dirt Tax on Key Mining States