



News from the
Committee on Natural Resources
Rep. Nick J. Rahall, II - Chairman

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Statement of U.S. Rep. Nick J. Rahall, II
Chairman, Committee on Natural Resources
Before the Subcommittee on Energy and Mineral Resources
Legislative Hearing on H.R. 699,
Hardrock Mining and Reclamation Act of 2009
February 26, 2009

Mr. Chairman, thank you for holding this hearing on H.R. 699, legislation I have introduced to reform the Mining Law of 1872. The old saying, “the more things change, the more they stay the same” may be particularly appropriate to Mining Law Reform.

Nearly everything has changed about mining since 1872 when Congress enacted the Mining Law, including:

- How we mine and the environmental impacts of those mile-wide pits.
- What we mine and how we use hardrock minerals – like uranium for nuclear power and indium for solar PV cells.
- The value of what we mine – like gold, which today is nearly \$1,000 an ounce.
- The fact that in nearly every other country, companies pay a royalty to mine hardrock minerals, but they do not in the United States.
- The legacy of 161,000 abandoned hardrock mines in the West.

Yet the Mining Law has not changed in 137 years. Even the Grand Canyon, which was established as a national park 90 years ago today, has changed.

Today, our goals for mining policy simply are no longer what they were in 1872. The bill that I have introduced – which passed the House by an overwhelming majority last Congress – reflects the need for comprehensive overhaul.

In recent years, as industry profits soared, mining analysts have glowingly titled their annual reports “Mining: As Good as It Gets” and “Riding the Wave.” Meanwhile, Congress continued to allow companies with lucrative activities on public lands to escape paying a fair return to the American people for gold, copper, and other metals minerals.

Over the years, actually, the decades that I have been involved in this effort, we have developed a lengthy record endorsing a gross income royalty as the best choice for the government to ensure a fair return from hardrock mining.

Even in these days of economic crisis, I believe that is still true.

As the Congressional Research Service determined, “the vast majority of mining activity on Federal lands is gold mining.” This is significant because although other mineral prices have fallen, gold continues to fare well – and profits might even go up.

Earlier this month, a mining sector analysis of precious metals costs predicted that “an unprecedented rate of cost deflation” will boost the economics of gold mines and gold projects. According to a *New York Times* article in January: “[I]ndustry lobbyists did not complain when the Nevada legislature passed a measure in early December requiring mining companies to pay \$28 million in 2009 taxes early to help the State patch its shortfall in revenue.”

Finally, we should remember that for some communities, the need to change the Mining Law’s “right to mine” and lack of environmental provisions simply cannot afford delay. A basic environmental standard and a basic ability to protect resources like water, is just common sense. The way the Mining Law works now, BLM officials and communities who question a proposal to mine have little influence. According to BLM, among the 486 plans of operation for hardrock mines that were submitted in the past 10 years, only 2.4% were rejected.

In a time of economic crisis, let us not be misled into letting an outdated boondoggle hang on the books. We are only adding to our list of financial woes and the environmental challenges facing Western communities.

Again, Chairman Costa and Subcommittee Members, thank you for holding this hearing.