

Committee on Natural Resources

Rob Bishop, Chairman
Markup Memorandum

June 20, 2017

To: All Natural Resources Committee Members

From: Majority Committee Staff
Subcommittee on Energy and Mineral Resources (x 5-9297)

Mark-Up: **H.R. 1399 (Rep. Paul Cook)**, To reduce temporarily the royalty required to be paid for sodium produced on Federal lands, and for other purposes.
June 22 & 27, 2017; 1324 Longworth HOB

H.R. 1399 (Rep. Paul Cook), “American Soda Ash Competitiveness Act”

Bill Summary:

H.R. 1399, introduced by Congressman Paul Cook, (R-CA-8), reduces the royalty rate for soda ash to two percent from six percent for five years.

Cosponsors:

Rep. Bonamici (D-OR), Rep. Schrader (D-OR), Rep. Knight (R-CA), Rep. Cramer (R-ND), Rep. Tipton (R-CO), Rep. Himes (D-CT), Rep. Valadao (R-CA), Rep. Cheney (R-WY), Rep. Yoder (R-KS), Rep. Ruppertsberger (D-MD), Rep. Culberson (R-TX), Rep. Weber (R-TX), Rep. McKinley (R-WV), Rep. Costa (D-CA), Rep. Walters (R-CA), Rep. LaMalfa (R-CA), Rep. Duncan (R-SC), Rep. Kelly (R-MS), Rep. Stewart (R-UT), Rep. Gosar (R-AZ), Rep. Pearce (R-NM), Rep. Allen (R-GA), Rep. Roe (R-TN), Rep. Guthrie (R-KY), Rep. Jordan (R-OH), Rep. Rosen (D-NV).

Background:

Soda ash (*sodium carbonate* (Na₂CO₃)) is an alkali chemical refined from trona or brines.¹ Used for a variety of purposes, including glass making, chemical production, soap and paper manufacturing, and water treatment, soda ash plays a crucial role in industries across the country.

Historically, American industry relied on the domestic production of soda ash. However, such reliance began to change in 1997, when heavily subsidized Chinese companies began

¹ Industrial Minerals Association North America, *What is Soda Ash*, IMA-NA (June 19, 2017, 4:32 PM), http://www.ima-na.org/?page=what_is_soda_ash

making inroads in American markets.² Increased competition and increasing domestic royalty rates encouraged the loss of 1,000 jobs.³

Since 1997, Congress has acted twice on lowering the royalty rate associated with soda ash production. From 2006 to 2011, it was decreased to 2 percent, which led to an increase in jobs for the soda ash industry. Then again in the Helium Stewardship Act of 2013, it was reduced to 4 percent, fending off an increase to 6.

The 6 percent royalty rate was reinstated at the end of 2015, and has the potential to greatly impact domestic production of soda ash in the near future.

Major Provisions/Analysis of H.R. 1399

Section 3 sets the royalty rate for soda ash at two percent for five years.

Cost

CBO estimated the 114th Congress's version of the bill (H.R. 1992) to be \$80 million. This bill is identical to last the version introduced in the 114th Congress.

Administration Position

Unknown. The Obama Administration opposed the reduction of royalty rates.

Amendments

The bill has bi-partisan support; however during the markup for H.R. 1992, the "American Soda Ash Competiveness Act" in the 114th Congress two amendments were offered:

- An amendment that would put a two year limitation on the royalty reduction if the Secretary of the Interior had found that there was no increase in production of soda ash and if there was not an increase in employment in the industry; and
- If the Secretary, in consultation with the governor of a state, determines such royalty reduction would result in decreased revenue for schools.

Effect on Current Law (Ramseyer):

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

² *Legislative Hearing on H.R. 1192 The Soda Ash Royalty Extension, Job Creation and Export Enhancement Act*, 112th Cong. (April 26, 2012) (statement of Edward Flynn, President of FMC Wyoming).

³ *Id.*