



KRAIG R. NAASZ
President & CEO

October 29, 2007

The Honorable Nancy Pelosi
United States House of Representatives
235 Cannon House Office Building
Washington, DC 20515-0508

Dear Congresswoman Pelosi:

The National Mining Association (NMA) supports updating the Mining Law in a manner that produces a fair and predictable public policy capable of sustaining a healthy domestic hardrock mining industry and providing a fair return to the taxpayer for the use of federal lands. House members will soon be asked to vote on the "Hardrock Mining and Reclamation Act of 2007" (H.R. 2262). NMA opposes H.R. 2262 because it jeopardizes current and future sources of domestic minerals that are critical to our nation's economic well-being and security.

NMA believes that the Mining Law can be responsibly updated in way that does not sacrifice American jobs or endanger the nation's security. Our domestic mineral and mining industry supports 169,500 direct and indirect jobs, produces metals valued at more than \$16 billion and pays direct personal and payroll taxes totaling \$830 million.

NMA finds the following features of H.R. 2262 particularly objectionable.

Excessive Royalty (Tax): The bill would impose the world's highest royalty on mineral production – a new tax on America's minerals that are critical to our economic vitality and national security. The tax would take the form of an 8 percent gross royalty, which would cause a significant reduction in mineral and mining investments. NMA supports a fair return to the public in the form of a net income production payment for minerals produced from new mining claims on federal lands.

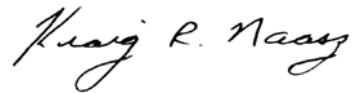
Retroactive Levy on Existing Mines: The bill would retroactively levy a 4 percent gross royalty on existing mines where business plans and investments were implemented without this significant cost in mind. Apart from the doubtful legality of such a levy, it virtually guarantees the closure of some mines and the export of high-paying mining-related jobs.

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Confiscation of Investments: Several provisions of H.R. 2262 would empower political appointees to stop new mining projects even when such projects have met all applicable environmental and legal requirements. No business can attract the necessary capital or operate with such regulatory uncertainty and, as you would expect, those investments and projects will move overseas.

Our country is becoming increasingly dependent on foreign sources of minerals critical to virtually every sector of our economy. Our national minerals policy should support, not destroy, the investments, jobs and infrastructure necessary to supply our domestic mineral needs. We urge you to oppose H.R. 2262 so a more balanced measure can be developed.

Sincerely yours,

A handwritten signature in cursive script that reads "Kraig R. Naasz".

Kraig R. Naasz
President & CEO