

RESOURCE ASSESSMENT OF RARE EARTHS 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

R E P O R T

[To accompany H.R. 981]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 981) to direct the Secretary of the Interior to conduct a global rare earth element assessment, 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. 981 is to direct the Secretary of the Interior to conduct a global rare earth element assessment.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 981, the Resource Assessment of Rare Earths Act of 2013, requires the Secretary of the Interior to direct the United States Geological Survey (USGS) to conduct a quantitative global rare earth element assessment.

The industrialization of China and India is driving demand for non-fuel mineral commodities, sparking a period of resource nationalism. China currently accounts for 80 percent of the world's rare earth mineral supply. In 2010, China unofficially embargoed rare earth mineral shipments to Japan and quietly restricted exports to the U.S. and Europe.

Chinese representatives speaking at various meetings have indicated they expect their country to be a net importer of rare earths within a few years. China's reduction and stoppage of rare-earth mineral element exports necessary for telecommunications, military technologies, medical devices and renewable energy technologies have spurred the development of several pieces of legislation to

deal with supply disruptions of these important mineral commodities.

H.R. 981 directs USGS, in cooperation with other national geological surveys, to conduct a three-year, comprehensive global mineral assessment of rare earth elements; to conduct an analysis, with the participation of the National Minerals Information Center and in consultation with appropriate agencies, of the rare earth elements supply chain and associated processes and products, including mining, processing, separation, metal production, alloy production, and manufacturing of products sold to end users; and to report back to Congress on its findings. Finally, the legislation authorizes an appropriation of \$10 million for the period of fiscal years 2014 through 2016.

COMMITTEE ACTION

H.R. 981 was introduced on March 6, 2013, by Congressman Henry C. “Hank” Johnson (D-GA). 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:

H.R. 981—RARE Act of 2013

Summary: H.R. 981 would authorize the appropriation of \$10 million for the United States Geological Survey (USGS) to conduct a global assessment of rare earth elements (a group of elements that are rarely found in high concentrations). Assuming appropriation of the authorized amounts, CBO estimates that implementing the legislation would cost \$10 million over the 2014–2016 period.

Enacting H.R. 981 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 981 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. 981 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—					
	2014	2015	2016	2017	2018	2014–2018
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	10	0	0	0	0	10
Estimated Outlays	4	4	2	0	0	10

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted before the end of 2013 and that the entire amount authorized to be appropriated over the 2014–2016 period would be appropriated in 2014. Estimated outlays are based on historical spending patterns for similar USGS activities.

H.R. 981 would require USGS to complete a global assessment of rare earth elements over a three-year period. The assessment would identify and quantify known deposits of rare earth elements and determine the geological conditions necessary to form such deposits. The assessment also would recommend future geological research projects related to rare earth elements and scarce minerals and analyze the process by which deposits of rare earth elements are brought to market. Assuming appropriation of the authorized amounts, CBO estimates that implementing H.R. 981 would cost \$10 million over the 2014–2018 period.

Pay-As-You-Go considerations: None.

Intergovernmental and private-sector impact: H.R. 981 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 credit authority or an increase or decrease in revenues or tax expenditures. Assuming appropriation of the authorized amounts, CBO estimates that implementing the legislation would cost \$10 million over the 2014–2016 period.

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 direct the Secretary of the Interior to conduct a global rare earth element assessment.

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.

