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This Week in COVID-19 News

More positive economic reports from the month of May heightened hopes that an economic recovery from COVID-19 has begun even as cases have spiked in several states. While the public health response continues, Congress and federal agencies are moving ahead with implementing recovery programs and policies, and the National Mining Association (NMA) remains focused on ensuring that mining's interests are considered. The effort includes public communications regarding the essential nature of mining, safety actions taken by our members, and contributions being made by NMA member companies. Plus we have updates on both the crisis and its impact on energy and mining markets.

SAFETY SHARE: The U.S. Occupational Safety and Health Administration published its [**"Guidance on returning to work."**](#)

NMA Defends Net Operating Loss Tax Relief

NMA led an industry [letter](#) – signed by 75 trade associations representing hundreds of affected companies – to Senators Charles Grassley and Ron Wyden, chairman and ranking member of the U.S. Senate Finance Committee, advocating for maintaining the provisions enacted in the CARES Act relating to net operating losses (NOLs). The [CARES Act](#) included section 2303 relaxing limits on use of corporate NOLs. The provision allowed for NOLs arising in the tax years 2018 through 2020 to be carried back five years. The letter was widely supported by major manufacturing, resource production and agricultural trade associations. NMA members have also raised the importance of this CARES Act provision in previous Energy Policy Task Force and Mineral Policy Task Force meetings, and the provision was substantially discussed with Mark Warren, chief counsel of the U.S. Senate Finance Committee, at a previous Government Affairs Committee meeting with NMA members.

This support letter comes as some in Congress have already introduced legislation in the [U.S. Senate](#) and in the [U.S. House of Representatives](#) to limit the CARES Act provision; the House passed [HEROES Act](#) would limit the CARES Act to prohibit NOL carrybacks to any tax year beginning before January 1, 2018, and the provision has been the target of other lobbying efforts like this [one](#) seeking to limit or repeal it.

Outlets including [the New York Times ran a Reuters story](#) that highlights NMA's leadership role in efforts to preserve the NOL carryback.

NMA and Senate Allies Push for Royalty Relief

This week, a group of 10 Senators led by Senators John Cornyn and John Barrasso introduced the [“Save American Vital Energy Jobs Act”](#) or the [“SAVE Jobs Act.”](#)

The bill addresses royalty reductions for coal leases directing the Secretary to grant relief for a 180-day period. Currently, the Secretary has the authority to lower royalty rates

on coal produced on federal lands on a lease-by-lease basis, and the authors of the bill view this as streamlining the process to provide more immediate and certain relief. The bill also extends the commence construction date for the 45Q tax credit another year to January 1, 2025, and it extends compliance with the Consolidated Federal Oil & Gas and Federal Indian Coal Valuation Reform regulation until July 1, 2022. However, the **NMA successfully worked to enjoin** this valuation regulation's applicability to coal production. This provision of the legislation is more to the immediate benefit of the oil and natural gas industry because the injunction did not apply to those industries. The NMA continues to work with Congress and the Department of the Interior on individual royalty relief for interested member companies.

Legislation Supporting Production of Minerals for U.S. Defense to Advance

Yesterday evening, the Senate Armed Services Committee released the text of **S. 4049, the National Defense Authorization Act for Fiscal Year 2021**. The Committee marked up and voted on this legislation early this month. The bill is expected to be considered on the Senate floor next week. The legislation included the NMA-drafted Section 810 requiring the Department of Defense (DOD) to update information on all minerals and metals deemed by the department necessary for national defense and economic security as well as identify mineral and metal supply chain vulnerabilities. The new provision requires the update to include the identification of those minerals and metals used by the DOD and in what annual quantities, the sources for those minerals and metals as well as potential supply chain disruptions due to geopolitical vulnerabilities. Furthermore, the provision requires the DOD to consider the development of an alternative domestic supply chain to ensure the domestic capacity to respond to global supply chain disruptions. Section 810 further requires the DOD to recommend policies and procedures to ensure the capability to secure strategic and critical minerals and metals necessary for emerging technologies such as anti-microbial products, essential medical equipment as well as a suite of key energy technologies. In addition, the new provision requires the DOD to evaluate the domestic processing and manufacturing capacity needed to supply the Department with the minerals, metals and derivative materials it uses and to coordinate with the U.S.

Geological Survey to identify domestic mineral and metal reserves.

The last time DOD made analysis required in this new NMA-drafted provision publicly available was in a [2009 report](#) to Congress on reconfiguration of the national stockpile. That analysis and data is vital to the Minerals Make Life platform and NMA's advocacy on the role of minerals in national security. Updated information will allow us to continue to develop this important pillar of our communications.

The Senate Examines Effects of COVID-19 on Mineral Supply Chains

Today, the Senate Energy and Natural Resources Committee held a hearing to examine the impacts of COVID-19 on mineral supply chains, the role of those supply chains in economic and national security, and the challenges and opportunities to rebuild America's supply chains. Please find a link to the hearing video and witness testimony [here](#). The hearing provided an opportunity for the hardrock mining industry's congressional allies to draw the connection between domestic production of metals and minerals and the strength of our supply chain. Further, it was an opportunity to showcase that the mining industry is critical to America's economic recovery in a post-COVID-19 world. Ahead of the hearing, NMA provided supporting letters, infographics, data, questions, and feedback to aid congressional staff and senators in helping to further develop a strong narrative that the domestic hardrock mining industry is essential to our nation's economic and national security.

U.S. House Releases 2,300-page, \$1.5 Trillion Infrastructure Bill

This week, House Democrats released their proposed infrastructure package, the [Moving Forward Act](#) (H.R. 2) that is expected to be on the House floor next week. The \$1.5 trillion infrastructure package includes a number of green energy tax provisions previously

advanced by House Ways and Means Committee Democrats, including extensions of wind and solar tax credits. In addition to the wind and solar tax credits, the legislation would extend incentives for carbon capture technology by 2 years, moving the deadline for initiation of projects from December 2023 to December 2025. The bill would also create incentives for energy storage, waste energy technologies and qualifying biogas projects. The bill also diverts \$1 billion over five years in unobligated money from the Abandoned Mine Land fund from the program's purpose for distribution to states and tribes to projects unrelated to reclamation with Congressman Cartwright's (D-PA) [RECLAIM Act](#). The bill also reauthorizes the Abandoned Mine Land program for 15 years. In contrast, the NMA [supports S. 3971](#), the "Abandoned Mine Land Reclamation Fee Reauthorization Act of 2020," which would reduce fees levied under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) on each ton of domestically produced coal by 35 percent for surface, underground and lignite mining. Democrats also released a [fact sheet](#) and a [section-by-section](#) summary on H.R. 2. The NMA will continue to be involved in infrastructure legislation considered in the U.S. Senate and House to advocate for and include NMA member priorities.

Paycheck Protection Program Updates and Public Disclosure

The U.S. Small Business Administration (SBA) and the Department of the Treasury published a revised, borrower-friendly Paycheck Protection Program (PPP) [loan forgiveness application](#). In addition to revising the full forgiveness application, SBA also published a new "EZ" version of the forgiveness application that applies to borrowers that are self-employed and have no employees; or did not reduce the salaries or wages of their employees by more than 25 percent, and did not reduce the number or hours of their employees; or experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of their employees by more than 25 percent.

SBA and Treasury also agreed with the bipartisan leaders of the U.S. Senate Small Business Committee to [make public additional data](#) regarding the PPP. The program

now plans to disclose names and other information of businesses receiving loans of more than \$150,000, which account for nearly 75 percent of the loan dollars approved.

Navigable Waters Protection Rule Goes into Effect

As a result of two important court decisions on Friday, June 19 - [California, et al. v. Wheeler](#) and [Colorado v. EPA](#) - the Navigable Waters Protection Rule (NWPR) largely went into effect nationwide this week. While the rule's effective date was stayed within the state of Colorado, it is effective in the rest of the country, marking an important legal victory for the agencies and the regulated community.

NMA's industry coalition has filed motions to intervene in both of these cases, which are still pending before the courts.

NMA Materials, Editorials and Third-Party Voices

The NMA and its third-parties continue to develop materials and place editorials across the country on the importance of our industry to the country and economy.

This week we launched [a new video](#) that is being promoted across social media on the importance of securing our domestic supply chains.

On the third-party front, the [Greeley Tribune](#) (CO) carries an op-ed by Matthew Kandrach, president of Consumer Action for a Strong Economy (CASE), in which he warns about the danger of our mineral import reliance and advocates for supporting domestic mining through legislation. And [The Hill](#) (D.C.) ran an op-ed by Bernard L. Weinstein, associate director of the Maguire Energy Institute and adjunct professor of business economics in the Cox School of Business at Southern Methodist University, in which he argues that coal's reliability has been taken for granted and must be properly valued.

U.S. Virus Response and Government Updates

The Internal Revenue Service [published guidance](#) for coronavirus-related distributions and loans from retirement plans under the CARES Act.

The Congressional Oversight Commission created by the CARES Act issued [its second report](#), focusing on the Federal Reserve and concluding the Fed has announced how it will use less than half of its \$454 billion fund and has actually used only \$6.7 billion.

The Department of Homeland Security issued a new [Critical Manufacturing Sector Overview](#), which mentions mining.

The U.S. House Transportation and Infrastructure Committee approved in a party-line vote legislation to significantly increase spending on [surface transportation programs](#) to the tune of \$494 billion over five years.

Energy and Mining COVID-19 Impact News

PricewaterhouseCoopers published a report concluding “The Top 40 mining companies are so far weathering the COVID-19 storm mostly unscathed, and certainly [better than many other sectors](#).”

Job losses in the energy industry began to level off in May based on a [BW Research analysis](#).

[EIA's Today in Energy June 18 release](#) shows coal represented 14 percent of total US primary energy production in 2019. EIA notes that about 92 percent of coal production is consumed by the electric power sector.

[Utility Dive reports](#) that the combination of rising electricity loads, warmer weather and complicated utility load forecasting are sparking fears of possible power blackouts in some

areas.

BP's recent Statistical Review of World Energy Report 2020 release notes that “coal’s share of primary energy fell to its lowest level in 16 years (27%), after consumption fell by 0.6%, led by a sharp drop in OECD demand. However, coal remained the single largest source of energy for power generation, accounting for over 36% of global power.” Citing the BP report, *Axios* noted “**coal’s global persistence.**”

Moody’s Investors Service reports that COVID-19 is likely to speed up the transition from coal generation from the US and Europe. While an oil and gas industry consultancy predicted “COVID-19 could cause a **boom in coal power.**”

Fox Business reported “Prices for raw materials including oil and copper **are surging** as the world economy reopens for business, a signal to many investors that global growth is returning more quickly than anticipated.”

USGS Mineral Industry Surveys’ First Quarter 2020 report shows base metals production except copper was mostly up compared to the fourth quarter of 2019. Gold production was essentially the same as the fourth quarter 2019, while silver increased 6 percent.

Wood Mackenzie reports that the gold industry needs to invest \$37 billion by 2025 to maintain gold production levels.

Economic Impact

Weekly unemployment compensation claims continued to drop, although **1.5 million new claims** were filed last week.

The Federal Reserve reported total industrial production **increased 1.4 percent** in May.

The U.S. Commerce Department reported new home construction **rebounded 4.3 percent** in May, but remains 23.2 percent below last year’s level.

Purchases of single-family houses [climbed 16.6 percent](#) in May, the second-largest monthly advance since 1992.

Freddie Mac reported mortgage rates dropped to [an all-time low](#).

The National Association of Home Builders reported [builder confidence surged](#) in June.

Union Pacific railroad's CEO appeared on Jim Cramer's "[Mad Money](#)" to discuss COVID-19 recovery and trade issues.

NMA COVID-19 Resources

The NMA team is maintaining a comprehensive suite of online resources for [Coronavirus Assistance and Response](#). Resources include both [health, safety and business assistance](#) for NMA members and a chronicle of the American [mining industry's response to the current crisis](#).

Tell Us About Your COVID-19 Response

We are continually gathering information about how the COVID-19 crisis is affecting our members. Information will be used in discussions with policymakers and decision makers at all levels of government and will help illustrate how mining is giving back to the communities where we live and work. Please [contact Ashley Burke](#) with on-going accounts of your responses to the global pandemic.

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