

the Senator's zeal for this issue has obscured some of the facts that I think important for us to understand before we follow the course of action that he would suggest to us.

First, I want to point out the importance of this industry to my own State and to correct what is oftentimes, because of an oversimplified presentation, an impression that is given that the industry pays no taxes. We hear this continuously in the course of the debate on the mining law of 1872.

According to the National Mining Association, the industry, coal and hard rock, paid more than \$600 million in Federal taxes in 1995. The General Accounting Office issued a report recently—this is not a publication that emanates from the mining industry but a General Accounting Office report—that indicates the average tax rate for the mining industry from 1987 to 1992 was 35 percent. Now, that is compared with 23 percent for the automobile industry, 19 percent for the chemical industry, and 33 percent for the transportation industry. In Nevada alone, the gold mining industry paid more than \$141 million in State and local taxes in 1995, including \$32.7 million in property taxes.

So let no one who is listening to this argument be misled that the industry pays no taxes, that it is given a free ride. That simply is not true. The industry pays a substantial amount of taxes at the Federal level, at the State level, and at the local level.

This issue really is not about the depletion allowance. This is really the stalking horse for an issue which we have been debating for some years, and that is the mining law of 1872. There is no disagreement among Members that the mining law of 1872 needs to be updated and modernized. The industry recognizes that and is in agreement, and my colleague from Arkansas recognizes that. And there is, indeed, fundamental agreement on the general areas that need to be updated.

Let me just refresh my colleagues' memories and identify the issues. The industry acknowledges that a royalty needs to be paid, and they are prepared to pay a 5 percent net proceeds royalty.

Now, there is a difference as to how much the industry should pay, but there is a recognition on behalf of the industry that a net proceeds royalty tax is appropriate and the industry is prepared to pay that.

Second, there is a recognition that the mining law of 1872 needs to be changed, and those who gain access pursuant to the law of 1872 need to pay a fair market value for the surface estate, in addition to the royalty which I have just indicated. That is a second area of agreement, the fair market value.

Third, there is a fundamental recognition, if entry is gained as it is under the mining law of 1872 and there is no longer utilization of the land for that purpose, of the possibility of revert, allowing the Secretary of the In-

terior to revoke the authority and to reenter the lands at his discretion.

There is a recognition of the need to pay a permanent maintenance fee for every claim that is held on Federal lands, and that fee needs to be made permanent; that an abandoned mines land fund should be established, and that as part of that a reclamation requirement be imposed as well.

VISIT TO THE SENATE BY MEMBERS OF THE COLOMBIA NATIONAL SENATE

Mr. BRYAN. It is my understanding, Mr. President, that we are honored by the presence of dignitaries. I will yield the floor and simply ask unanimous consent that after their introduction, I might be recognized again for purposes of continuing my comments. If the Senate is agreeable to that, I will yield the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who seeks recognition? The Senator from Florida.

Mr. GRAHAM. Mr. President, first, I thank my good friend and colleague from Nevada for his generosity in allowing us to take a moment at this time to introduce some distinguished guests. I might say that Senator BRYAN visited Colombia in March of this year and I think came away with some of the same positive feelings about the country and the people that I share.

We are honored today to have visitors, members of the Colombia National Senate: First, Senator Luis Londono, the President of the Colombia National Senate; Senator Amilkar Acosta, the President-elect; Senator Luis Velez, Senator Carlos Garcia, Senator German Vargas, and Senator Luis Perez.

I present these members of the Colombia National Senate to the Members of the United States Senate.

I thank the Chair.

The PRESIDING OFFICER. The Chair thanks the Senator from Florida. We welcome our guests. We are delighted to have them here in America.

RECESS

The PRESIDING OFFICER. Without objection, the Senate will stand in recess for 3 minutes in order to greet our guests.

Thereupon, the Senate, at 7:43 p.m., recessed until 7:49 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. BROWNBACK].

REVENUE RECONCILIATION ACT OF 1997

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

AMENDMENT NO. 518

Mr. BRYAN. Mr. President, as I have indicated, there is broad agreement

within the industry that the mining law of 1872 needs to be updated. There is agreement in those areas that have been identified as: 5 percent net proceeds royalty; the fair market value of the surface estate; that a reverter provision be provided so that in the event the property is no longer used for mining purposes, the Secretary of the Interior would have the right to reclaim the land for public purposes; that there be a reclamation requirement and a permanent maintenance fee as part of that reclamation. So, there is a broad agreement that the mining law of 1872 needs to be reformed.

In the context of this debate, the issue is not whether the mining law of 1872 should remain inviolate, unchanged and sacrosanct, it is a question of how it needs to be updated to reflect the realities of the latter part of the 20th century. In that respect, the mining industry has been engaged in a dialog, now, for the better part of the last decade. There is obviously disagreement as to the specifics. I am hopeful, before my colleague, the distinguished senior Senator from Arkansas, retires from this body, that we can indeed have an agreement on these issues and produce a piece of legislation that all of us can embrace.

Let me speak specifically to the provisions that are contained in the proposal of the Senator from Arkansas. He would, in effect, repeal the percentage depletion allowance as it has existed in the code, in one form or another, since 1913. A percentage depletion allowance is not, as the senior Senator from Arkansas suggests, a giveaway to the mining industry. Rather, it is a long-standing tax policy that recognizes the unique nature of the mining industry.

Congress has long recognized that the principal capital asset of a mineral producer is its mineral reserves, the ore body itself. These mineral reserves are classified as wasting assets. As the minerals are produced or sold, the mineral deposit from which they are taken is gradually exhausted. Indeed, that is the history of every mining exploration in the history of my own State. These ore bodies are not inexhaustible; they last for a finite period of time, and the tax law reflects the reality of those circumstances.

That was first recognized in 1913, when the Congress allowed a portion of the value of these assets or reserves to be deducted from taxable income to allow producers to replace that ore body, their wasting asset. So depletion is similar to the depreciation allowance for the use of physical properties. It is an allowance that allows an investor in natural resources to recover his capital outlay in the mineral through a depletion allowance to producers to simply level the playing field between those classes of taxpayers. So, although it is unique, its underlying premise, its principle is the same: to recognize that the asset is not inexhaustible, that it has a finite lifespan, and the Tax Code reflects that circumstance.