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April 12, 2013

The Honorable Kevin Brady
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Thompson
U.S. House of Representatives
Washington, DC 20515

Dear Congressmen Brady and Thompson:

I am writing you today on behalf of the Iron Ore Lessors Association – an organization of land and royalty holders with interests in iron ore. We are writing to urge you to protect the important provisions in the tax code related to natural resource ownership and extraction.

As you know, iron ore extracted in the United States is the key raw material in the steelmaking process and can be found mainly in northeastern Minnesota and Michigan. The American steel industry is critical to our economy and our national defense. The industry directly employs 162,000 people and supports more than one million U.S. jobs. At the same time, the domestic steel industry is under constant assault from foreign competition, and one way we can help their competitiveness is through our efforts to balance raw material costs.

Under longstanding current law, royalties received on the disposition of iron ore generally qualify for treatment as long-term capital gain. The taxpayer claiming the long-term capital gain must have been the beneficial owner for at least one year before it is mined.

This treatment of the asset is absolutely appropriate given the nature of the holding and the value the mineral has to many parties. The capital gains treatment is in place because owners are selling a capital asset after a sufficient holding period. There is no reason to single out iron ore, or any other resource, from treatment as a capital asset.

Additionally, mining operations may claim the percentage depletion deduction – an essential financial factor of domestic mineral mining operations. Mining requires an enormous amount of capital over long-term periods in order to deliver a quality product at a competitive price. The percentage depletion deduction helps offset and recover these high capital costs expended.

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Congressmen Brady and Thompson

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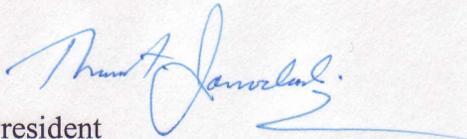
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We hope you will conclude that any adverse change to the capital classification or percentage depletion deduction, with respect to iron ore, would increase the cost of steelmaking and disadvantage the domestic industry, as well as overturn decades of precedent and good policy.

Thank you for your consideration.

Sincerely,



President

c: IOLA Directors