

HCR19, As Adopted by Senate, March 13, 2014

Rep. Foster offered the following concurrent resolution:

House Concurrent Resolution No. 19.

A concurrent resolution to urge the Congress of the United States to repeal section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Whereas, In response to the 2008 economic recession, the Dodd-Frank Wall Street Reform and Consumer Protection Act was enacted in July 2010 to increase accountability and improve transparency in the nation's financial system. Among its provisions, section 1502 of the act creates new reporting requirements for publically traded companies that produce products containing gold, tin, tantalum, or tungsten, known as "conflict minerals." These reporting requirements and their public disclosure are meant to deter the purchase of conflict minerals from the Democratic Republic of the Congo (DRC) and the surrounding nations of Central Africa Republic, South Sudan, Zambia, Angola, the Republic of the Congo, Tanzania, Burundi, Rwanda, and Uganda; and

Whereas, The final rules on section 1502, issued by the United States Securities and Exchange Commission (SEC), taking effect May 31, 2014, is exceedingly complex and detrimental to American manufacturers, creating new, overly taxing compliance costs, especially for American small businesses, as well as unrealistic and burdensome reporting requirements. The new rules require publically traded manufacturers to trace conflict minerals through their entire supply chain, all the way back to the smelter. The SEC estimates the initial cost of compliance to be between \$3 billion and \$4 billion, with annual costs thereafter between \$207 million and \$609 million. However, the National Association of Manufacturers estimates total costs to be \$16 billion; and

Whereas, The SEC rule on conflict minerals jeopardizes Michigan's unparalleled efforts to restructure, create an improved business environment, and recover jobs lost during the recent recession. According to the Bureau of Labor and Statistics, as of October of this year, our unemployment rate of 9 percent ranked 48th among the states, 1.7 percent higher than the nation's average. Moreover, the stalwart of the Michigan economy—manufacturing—is still recovering. The state of Michigan condemns the human rights violations occurring in the DRC and surrounding nations. However, absorbing the exorbitant costs of complying with section 1502 will undermine our footing in the ongoing battle to grow manufacturing jobs; now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That we urge the Congress of the United States to repeal section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the Chairman of the United States Securities and Exchange Commission, and the members of the Michigan congressional delegation.