

## ISSUE BRIEF :

# Regulatory Frameworks

**Polar  
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## Essential Questions

What are the characteristics of an optimal regulatory framework specific to the development of critical minerals? How can permitting processes be improved without sacrificing the quality of analysis? How can governments incentivize investment? How can consistent political willingness to develop minerals be achieved?

## Key Findings

- Governments should consider providing incentives via tax breaks, quotas, and funding for initial exploration and drilling activities.
- The varying timeframes for the permitting of mining projects unnecessarily prolongs development of projects and deters potential funders due to the volatility.
- The Department of Energy could potentially help identify which minerals need support, assess their potential impact on industries, and promote the growth of downstream applications.

## Policy Recommendations

- A national, whole-of-government mineral strategy would jumpstart the budget process, centralize governmental decision-making, and identify which minerals should be developed.
- The government should prioritize Indigenous-owned projects through financial incentives.
- Congress should consider amending laws whereby private companies granted drilling licenses on public lands are required to turn over to the government all mineral resource data and core from prospects.

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## Focus Group Synopsis

Two main themes arose during the Regulatory Frameworks focus group: the need for a long-term, national strategy for mineral development, and; how regulations can incentivize financing and development of mineral resources.

There is a need for bipartisan support in addressing political divisions that lead to regulatory volatility. Stable and consistent policies are essential for attracting long-term investment. A strengthened whole-of-government national mineral strategy would help jumpstart the budget process, and would also minimize confusion that regulatory agencies sometimes encounter in top-down policy without a whole-of-government strategy. Furthermore, a centralized governmental decision-making authority should be created. That, plus an interagency framework, would ease investment and research. From there, the government can help identify high-priority minerals, as well as narrow focus on smaller-scale projects. The U.S. Department of Energy in particular could potentially help identify which minerals need support, assess their potential impact on industries, and promote the growth of downstream applications.

Governments should consider providing incentives via tax breaks, quotas, funding for initial exploration and drilling activities, and requiring the building of new smelting facilities. Investment tax credits can help promote tribe-owned projects. Additionally, royalty agreements and equity stakes may also boost community approval and ownership of projects. The Inflation Reduction Act equally incentivizes extraction and processing; ideally, it should focus on processing, as that process is more difficult to diversify.

Another point of discussion was how permitting is often delayed and/or overly burdensome, which may lead to increased project costs and uncertainty for investors.

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*This brief draws from discussions at a July 2023 conference on Arctic mineral development, hosted by the Wilson Center, University of Alaska, the U.S. Department of Energy's Arctic Energy Office, and RAND Corporation. These findings are from the Regulatory Frameworks focus group, as well as related points discussed during five other focus groups focused on Community Ownership, Infrastructure, Workforce Development, Supply Chains, and Financing.*

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